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

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

SEC FILE NUMBER
8- 51846

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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Bulldog Trading, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1900 Market Street, Suite 617

(No. and Street)

Philadelphia

PA

19103

(City)

(State)

(Zip Code)

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

Michael Gomberg

212-748-6015

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

SEC Mail Processing  
Section

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

Pirolli, James G.

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

MAR 07 2010

Washington, DC  
110

207 Buck Road, Suite 1C

Holland

PA

18966

(Address)

(City)

(State)

(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)

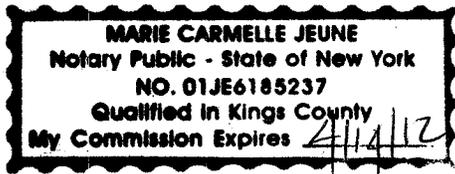
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OATH OR AFFIRMATION

I, Michael Gomberg, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bulldog Trading, LLC, as of December 31, 2009, 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:

Michael Gomberg 2-25-10
Signature
Managing Member
Title

[Signature]
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.
(o) Independent Auditor's Report on Internal Control Structure Required by SEC Rule 17A-5

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

**BULLDOG TRADING, LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
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***INDEPENDENT AUDITOR'S REPORT***

To the Member  
Bulldog Trading, LLC  
Philadelphia, Pennsylvania

I have audited the accompanying statement of financial condition of Bulldog Trading, LLC (a Pennsylvania Limited Liability Company) as of December 31, 2009, and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bulldog Trading, LLC as of December 31, 2009, 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 of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 22, 2010

**BULLDOG TRADING, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2009**

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**ASSETS**

Cash	\$ 2,095
Funds held in clearing account	143,821
Securities owned, marketable at market	
Equity securities	17
Option securities	52,637
Prepaid expense	976
Office equipment, less accumulated depreciation of \$31,600	<u>1,087</u>
	<u>\$200,633</u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued expenses	<u>\$ 32,360</u>
Total liabilities	32,360
Member's equity	<u>168,273</u>
	<u>\$200,633</u>

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

**BULLDOG TRADING, LLC**  
**STATEMENT OF OPERATIONS AND MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**REVENUE**

Income from trading activities	\$ 433,540
Gain on sale of investment	22,559
Interest and dividend income	<u>22</u>
Total revenue	<u>456,121</u>

**EXPENSES**

Regulatory fees and exchange expense	40,691
Clearing and brokerage expense	97,651
Other operating expense	<u>50,391</u>
Total expenses	<u>188,733</u>

Net income 267,388

MEMBER'S EQUITY, beginning of year 280,114

CAPITAL WITHDRAWALS BY MEMBER (379,229)

MEMBER'S EQUITY, end of year \$ 168,273

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

**BULLDOG TRADING, LLC**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$ 267,388
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	990
(Increase) decrease in	
Funds held in clearing accounts	(66,266)
Securities owned, marketable at market	
Equity securities	159,225
Options securities	(43,732)
Prepaid expense	(976)
Increase in accounts payable and accrued expenses	<u>3,871</u>
 Cash provided by operating activities	 <u>320,500</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Capital withdrawals by member	<u>(379,229)</u>
 Cash used by financing activities	 <u>(379,229)</u>
 Decrease in cash	 (58,729)
 Cash at beginning of year	 <u>60,824</u>
 Cash at end of year	 <u>\$ 2,095</u>

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

**BULLDOG TRADING, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**(1) ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Organization

Bulldog Trading, LLC (the "Company") was formed as a limited liability company in the Commonwealth of Pennsylvania in March 1999 and began business operations on January 1, 2000. The Company conducts investment activities on a proprietary basis and conducts business on the NASDAQ OMX PHLX (formerly the Philadelphia Stock Exchange) and as an off-floor trader.

Significant Accounting Policies

Cash

For purposes of the statement of cash flows, the Company includes as cash, amounts on deposit at banks. The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2009.

Recognition of Revenue

Securities transactions and expenses are recorded on a trade date basis. Securities are valued at market value.

Use of Estimates

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

Office Equipment

Office equipment is recorded at cost. Depreciation is computed using the straight-line method based on an estimated life of five years. For 2009, depreciation expense was \$990.

Income Taxes

The Company is taxed as a sole proprietorship for federal and state income tax purposes and accordingly, no income tax expense has been recorded in the financial statements. Taxable income of the Company is passed through to the member and reported on his individual income tax returns.

**BULLDOG TRADING, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**(2) CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event that 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.

**(3) NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Minimum "net capital" must be at least \$100,000. At December 31, 2009, the Company had net capital of \$ 139,666 which was \$39,666 in excess of its required net capital of \$100,000. The Company's net capital ratio was .23 to 1.

**(4) SPECIAL ACCOUNT FOR EXCLUSIVE BENEFIT OF CUSTOMERS**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934 and therefore, among other things, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers," since it meets the requirement of Rule 15c3-3(k)(2)(a) and does not carry security accounts for customers or perform custodial functions relating to customer securities.

**(5) FAIR VALUE**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to the valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell an asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure value into three broad levels:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

**BULLDOG TRADING, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**(5) FAIR VALUE (CONTINUED)**

- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data).

The following is a description of calculation methodologies used for assets and liabilities recorded at fair value and the basis for estimating fair value. These are reflected as recurring or nonrecurring in compliance with SFAS No. 157 disclosures.

**Assets**

*Cash and cash equivalents* – Cash equivalents include funds in bank accounts and investment accounts that hold excess liquid funds. The fair value measurement of these assets are based on quoted market prices in active markets, and therefore are recorded at fair value on a recurring basis and are classified as Level 1 assets.

*Securities owned* – Securities owned include odd lot and fractional shares of readily marketable common stock. Securities owned also include major market stock index contracts. The fair value measurement of these assets are based on quoted market prices in active markets, and therefore are recorded at fair value on a recurring basis and are classified as Level 1 assets.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009.

**Fair Value Measurements on a Recurring Basis**  
**As of December 31, 2009**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Cash in banks and held in clearing broker accounts	\$145,916	\$ -	\$ -	\$145,916
Securities owned				
Equities	17	-	-	17
Options	<u>52,637</u>	<u>-</u>	<u>-</u>	<u>52,637</u>
Totals	\$198,570	\$ -	\$ -	\$198,570

**BULLDOG TRADING, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**(6) FINANCIAL INSTRUMENTS**

FASB ASC 825, *Financial Instruments*, provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value are recognized in earnings as they occur for those assets and liabilities for which the election is made. The election is made on an instrument by instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The fair value option has been elected for certain financial instruments that are not accounted for at fair value under other applicable accounting guidance.

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value. Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for over-the-counter derivative financial instruments, principally forwards, options, and swaps are based on internal pricing models as no quoted market prices exist for such instruments. Factors taken into consideration in estimating fair value of OTC derivatives include credit spreads, market liquidity, concentrations, and funding and administrative costs incurred over the life of the instruments.

Derivatives used for economic hedging purposes include swaps, forwards, futures, and purchased options. Unrealized gains or losses on these derivative contracts are recognized currently in the statement of income as principal transactions. The Company does not apply hedge accounting as defined in FASB ASC 815, *Derivatives and Hedging*, as all financial statements are recorded at fair value with changes in fair values reflected in earnings. Therefore, certain of the disclosures required under FASB ASC 815 are generally not applicable with respect to these financial instruments.

Fair values of forwards, swaps, and options contracts are recorded in securities owned or securities, not yet purchased, as appropriate. Open equity in futures transactions are recorded as receivables from and payables to broker-dealers and clearing organizations, as applicable.

Premiums and unrealized gains and losses for written and purchased option contracts, as well as unrealized gains and losses on interest rate swaps, are recognized gross in the statement of financial condition. The unrealized gains for delayed-delivery, to-be-announced (TBA), and when-issued securities generally are recorded in the statement of financial condition net of unrealized losses by counterparty where master netting agreements are in place.

**BULLDOG TRADING, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**(7) SUBSEQUENT EVENTS**

The Company did not have any subsequent events through February 22, 2010, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2009.

**BULLDOG TRADING, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

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**NET CAPITAL**

Total Member's equity qualified for net capital		\$ 168,273
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Deductions and/or charges:

Non-allowable assets:

Office equipment		\$ 1,087
Prepaid expenses		<u>976</u>

Total nonallowable assets		<u>(2,063)</u>
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Net capital before haircuts		166,210
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Haircut on securities		25,832
Undue concentration		<u>712</u>

		<u>(26,544)</u>
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Net Capital		<u>\$ 139,666</u>
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**AGGREGATE INDEBTEDNESS**

Items included in statement of financial condition

Accounts payable and accrued expenses		<u>\$ 32,360</u>
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**BULLDOG TRADING, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

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**COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS**

Minimum net capital required or \$100,000 if greater	<u>\$ 100,000</u>
Excess net capital at 1500%	<u>\$ 39,666</u>
Excess net capital at 1000%	<u>\$ 140,557</u>
Ratio: aggregate indebtedness to net capital	<u>23%</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**

(Included in Part IIA of Form x-17A-5 as of December 31, 2009)

Net capital as reported in Company's Part IIA (Unaudited FOCUS Report)	<u>\$ 139,666</u>
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***BULLDOG TRADING, LLC***  
***COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS***  
***UNDER RULE 15c3-3 OF THE***  
***SECURITIES AND EXCHANGE COMMISSION***  
***FOR THE YEAR ENDED DECEMBER 31, 2009***

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Bulldog Trading, LLC claims an exemption from Rule 15c3-3 based on Section 15c3-3 (k)(2)(ii) who, as a broker or dealer who conducts business solely on a proprietary basis, does not receive or hold customers' funds and securities. Bulldog Trading, LLC clears all of its trading activities through Goldman Sachs Execution and Clearing, L.P.

***INFORMATION RELATING TO POSSESSION***  
***OR CONTROL REQUIREMENTS***  
***UNDER RULE 15c3-3 OF THE***  
***SECURITIES AND EXCHANGE COMMISSION***  
***FOR THE YEAR ENDED DECEMBER 31, 2009***

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Bulldog Trading, LLC claims an exemption from Rule 15c3-3 based on Section 15c3-3(k)(2)(ii) who, as a broker or dealer who conducts business solely on a proprietary basis, does not receive or hold customer funds and securities.

***INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION***

To the Member  
Bulldog Trading, LLC  
Philadelphia, Pennsylvania

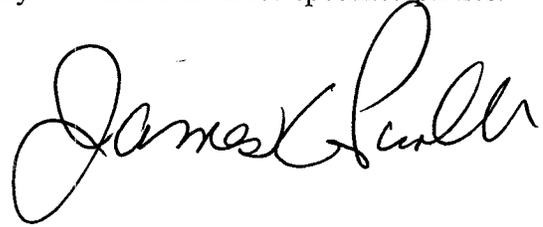
In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Transitional Assessment Reconciliation Form SIPC-7T) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2009, which were agreed to by Bulldog Trading, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Bulldog Trading, LLC's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC 7-T). Bulldog Trading, LLC's management is responsible for the compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and my findings are as follows:

1. Compared the listed assessment payments in Form SIPC 7T with respective cash disbursements records entries recorded in the company's general ledger noting no differences;
2. Compared the amounts reported in the audited Form X-17A-5 for the year ended December 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2009, noting no differences;
3. Compared any adjustments reported in form SIPC-7T with supporting schedules and working papers noting no differences;
4. Proved the mathematical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers prepared by the firm's principal supporting the adjustments noting no differences; and

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting no differences if applicable.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "James K. Fuller". The signature is written in a cursive style with a large, looping initial "J".

February 22, 2010

**BULLDOG TRADING, LLC**  
**SECURITIES INVESTOR PROTECTION CORPORATION TRANSITIONAL**  
**ASSESSMENT RECONCILIATION**  
**DECEMBER 31, 2009**

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Total Revenue for the period of April 1 to December 31, 2009	\$ 459,524
Additions:	
Interest and dividend expense deducted in determining item 2a	158
Deductions:	
Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions	(78,155)
Total interest and dividend expense (FOCUS Line 22/Part 11A Line 13, Code 4075 plus line 2b(4) above but not in excess of total interest and dividend income	<u>(158)</u>
SIPC Net Operating Revenues	<u>\$ 381,369</u>
General Assessment @ .0025	\$ 953
Payments made with 2009 Form SIPC-6 and SIPC-4	<u>(852)</u>
Balance paid with Form SIPC-7T	<u>\$ 101</u>

See independent accountant's report.

***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE REQUIRED BY SEC RULE 17A-5(g)(1)***

To the Member  
Bulldog Trading, LLC  
Philadelphia, Pennsylvania

In planning and performing my audit of the financial statements of Bulldog Trading, LLC (the Company), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17-a-5(g)(1) of the Securities and Exchange Commission (SEC), I 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 compliance with such practices and procedures that I considered relevant to the objectives stated in the rule 17-a-5(g) in the following (as appropriate):

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications, and comparisons and the recordation of difference required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

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 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 and the practices and procedures referred to above, errors 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.

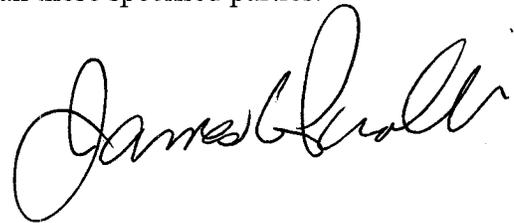
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 and 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 my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASDAQ OMX PHLX, and other regulatory agencies that rely on Rule 17-a-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.

A handwritten signature in black ink, appearing to read "James G. Kroll". The signature is written in a cursive, flowing style.

February 22, 2010

**BULLDOG TRADING, LLC  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE YEAR ENDED  
DECEMBER 31, 2009 WITH  
REPORT AND SUPPLEMENTARY REPORTS  
OF INDEPENDENT AUDITOR**