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

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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 01/01/2009 AND ENDING 12/31/2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

HAP TRADING L.L.C.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

33 Whitehall Street, 6th Floor

(No. and Street)

New York

NY

10004

(City)

(State)

(Zip Code)

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

Harsh A. Padia

212-380-5100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MaloneBailey LLP, Certified Public Accounting Firm

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

15 Maiden Lane, Suite 1003

New York

New York

10038

(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).

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.

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Harsh A. Padia, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

HAP TRADING, LLC, as

of December 31, 20 09, 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:

Harsh A. Padia

Signature

Chief Executive Officer

Title

DIERDRE STEINHAUS AINBINDER
Notary Public, State of New York
No. 01A14899711
Qualified in Nassau County
Commission Expires July 6, 20 11

Dierdre Steinhaus Ainbinder

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 Proprietor's 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).

HAP TRADING, LLC

Statement of Financial Condition

December 31, 2009

(With Independent Auditors' Report Thereon)

HAP TRADING, LLC

DECEMBER 31, 2009

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MALONEBAILEY LLP

CERTIFIED PUBLIC ACCOUNTING FIRM

15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930

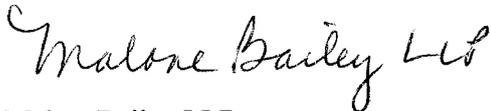
INDEPENDENT AUDITORS' REPORT

To the Members of
HAP Trading, LLC
New York, NY

We have audited the accompanying statement of financial condition of HAP Trading, LLC as of December 31, 2009. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of HAP Trading, LLC as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.



MaloneBailey LLP
Certified Public Accounting Firm
New York, New York
www.malonebailey.com
March 31, 2010

HAP TRADING, LLC

STATEMENT OF ASSETS, LIABILITIES AND MEMBER'S EQUITY

DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$	154,905
Due from broker-dealers		84,705,702
Interest and dividends receivable		64,111
Securities owned, at fair value		2,493,862,678
Due from affiliate		697,100
Fixed assets, net		<u>329,352</u>
TOTAL ASSETS	\$	<u><u>2,579,813,848</u></u>

LIABILITIES AND MEMBER'S EQUITY

Due to broker-dealers	\$	70,386,760
Interest and dividends payable		2,061,065
Accounts payable and accrued expenses		5,023,349
Securities sold, not yet purchased, at fair value		<u>2,283,375,485</u>
TOTAL LIABILITIES		2,360,846,659
Commitments and contingent liabilities		-
Member's equity		<u>218,967,189</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$	<u><u>2,579,813,848</u></u>

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

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1- ORGANIZATION AND NATURE OF BUSINESS

HAP Trading, LLC (formerly PFTC Trading, LLC), a New York limited liability company (the "Company") is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the NYSE-AMEX, the Chicago Board Options Exchange ("CBOE"), the Philadelphia Stock Exchange ("PHLX"), the NYSE-ARCA Exchange ("ARCA") and the Better Alternative Tradings System ("BATS").

The Company engages in market making on the NYSE-AMEX and CBOE. The company hedges its risk with either equities, Electronic Traded Funds ("ETFs") and the related equity options and or options on the ETFs and or indices. The Company also engages in other proprietary trading strategies.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

Use of Estimates

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

Revenue Recognition

Securities and derivative contract transactions and related revenue and expenses are recorded on a trade date basis with their resulting gains and losses based on a daily mark-to-market of all security and derivative positions. Securities and derivative contracts owned, and securities and derivative contracts sold, but not yet purchased are stated at fair value, with related changes in unrealized appreciation and depreciation reflected in principal transactions on the statement of revenue and expenses.

The fair value of securities and derivative contracts owned and securities and derivative contracts owned, not yet sold are generally stated at closing market prices, per the Company's clearing broker. If listed market prices are not available, or inconsistent with other correlated securities and derivative contracts in the Company's portfolio of securities and derivative contracts, the Company will employ theoretical pricing, relying on fair values that more accurately represent the portfolio's value in its entirety.

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

The Company does not expect the adoption of recent accounting pronouncements to have any material impact on its financial condition or results of operations

NOTE 3- FAIR VALUE OF INVESTMENTS

Fair Value Measurements

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction cost. Fair value measurement under generally accepted accounting principles provides for the use of a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company.
- Level 3: Unobservable inputs. Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Company uses judgment in determining fair value of assets and liabilities and Level 3 assets and liabilities involve greater judgment than Level 1 and Level 2 assets or liabilities.

The following are the Company's investments owned and securities sold short by level within the fair value hierarchy at December 31, 2009:

<u>Assets</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
Stocks and options	\$ <u>2,493,862,678</u>	Level 1
<u>Liabilities</u>		
Stocks and options	\$ <u>2,283,375,485</u>	Level 1

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4- INCOME TAXES

No provisions for federal and state income taxes are made in the financial statements as these taxes are the responsibility of the member under this form of organization.

NOTE 5- RECEIVABLE FROM BROKER-DEALERS

Amounts receivable from the Company's clearing broker at December 31, 2009, consist of the following:

	<u>Receivable</u>
Receivable from clearing broker	\$ <u>84,705,702</u>

NOTE 6- COMMITMENTS AND CONTINGENCIES

During the last quarter of 2004, the Company entered into a lease for office space which expires in 2017. Remaining commitments are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2010	\$ 568,107
2011	568,107
2012	580,109
2013 and thereafter	<u>2,926,550</u>
	\$ <u>4,642,873</u>

NOTE 7- NET CAPITAL REQUIREMENTS

The Company is a member of the American Stock Exchange and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule requires that the ratio of aggregate indebtedness to net capital may not exceed 15 to 1, and equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2009, the Company's net capital was \$134,488,833 which was \$134,016,536 in excess of its required net capital of \$472,297. The Company's aggregate indebtedness to net capital ratio was 0.0527 to 1.

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 8- DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER OFF-BALANCE SHEET RISKS

In the normal course of business, the Company trades various derivative financial instruments with off-balance sheet risk. The Company enters into derivative transactions for both trading and economic risk management purposes, resulting from its own business activities. These derivative transactions typically include equity options, options on ETFs and Index options, coupled with futures and options on futures for ETFs and Indices.

In addition, the Company has sold securities and derivative contracts that it does not currently own, and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2009 at fair value, and will incur a loss if the fair value of the securities and derivative contracts sold and not yet owned increases subsequent to December 31, 2009.

Generally, the Company hedges against the securities and derivative contracts sold and not yet owned, thus a loss in these positions may be offset by income attributable to the hedge.

Pursuant to a clearance agreement, the Company will introduce all of its securities transactions to its sole clearing broker on a fully disclosed basis. Therefore, all of the Company's money balances and long and short security positions will be carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.

NOTE 9- RETIREMENT PLAN

The Company has a 401(k) retirement plan (the "Plan") covering substantially all employees. Only full time employees who meet the service period are eligible to participate in the Plan. The Company makes a matching contribution on an individual basis, equal to 100% of the contributions made by the participant to the Plan, not to exceed 6.67% of the employee's total annual compensation capped at the annual deferral limit as defined.

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 10- GUARANTEES

FASB ASC 460-10, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460-10 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or non occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. FASB ASC 460-10 also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The maximum potential amount of future payments that the Company could be required to make under the indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the consolidated financial statements for these indemnifications.

NOTE 11- RELATED PARTY TRANSACTIONS

HAP Capital Advisors LLC, an affiliate of the Company, provides the Company with services including IT development and administrative services.

As of December 31, 2009, HAP Capital Advisors, LLC owed \$697,100 to the Company. The loan is non-interest bearing and has no repayment terms.

HAP TRADING, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 12- SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 31, 2010, the date that its financial statements were ready to be issued. The Company believes that there are no subsequent events requiring further disclosure.