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



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Section

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Washington, DC  
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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC File Number  
8-52989

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 January 1, 2011 and ending December 31, 2011

A. REGISTRANT INFORMATION

NAME OF BROKER-DEALER:  
Jump Trading, LLC

Official Use Only  
Firm ID No.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.):  
600 West Chicago, Suite 825

(No. and Street)

Chicago  
(City)

Illinois  
(State)

60654  
(Zip Code)

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

Carey Harrold

(312) 205-8900  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Baker Tilly Virchow Krause, LLP

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

205 North Michigan Avenue  
(No. and Street)

Chicago  
(City)

Illinois  
(State)

60601  
(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

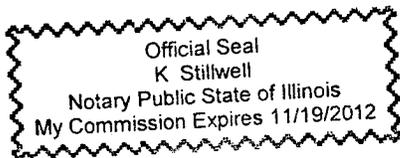
\*Claims for exemption from the requirement that the annual report covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

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### OATH OR AFFIRMATION

I, **Carey Harrold**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of **Jump Trading, LLC** as of **December 31, 2011**, 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:

None



Carey Harrold  
Signature  
C.F.O.  
Title

K. Stillwell

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 Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital
- (f) Statement of Changes in Liabilities Subordinated to Claims of general creditors
- (g) Computation of Net Capital for brokers and dealers pursuant to Rule 15c3-1
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c-3-3
- (i) Information Relating to the Possession or Control Requirements for brokers and dealers Under Rule 15c-3-3
- (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 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 Auditors' Report on Internal Control

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

**JUMP TRADING, LLC**

Chicago, Illinois

STATEMENT OF FINANCIAL CONDITION

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011



**BAKER TILLY**

Candor. Insight. Results.

# **JUMP TRADING, LLC**

Chicago, Illinois

## **STATEMENT OF FINANCIAL CONDITION**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

**(Filed Pursuant to Rule 17a-5 Under the  
Securities Exchange Act of 1934)**

# JUMP TRADING, LLC

**Facing Page**

**Oath or Affirmation**

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Baker Tilly Virchow Krause, LLP  
205 N Michigan Ave  
Chicago, IL 60601-5927  
tel 312 729 8000  
fax 312 729 8199  
bakertilly.com

## INDEPENDENT AUDITORS' REPORT

Member  
Jump Trading, LLC  
Chicago, Illinois

We have audited the accompanying statement of financial condition of Jump Trading, LLC as of December 31, 2011, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 present fairly, in all material respects, the financial position of Jump Trading, LLC as of December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

*Baker Tilly Virchow Krause, LLP*

Chicago, Illinois  
February 28, 2012

# JUMP TRADING, LLC

## STATEMENT OF FINANCIAL CONDITION December 31, 2011

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<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,573,018
U.S. treasuries, at fair value	280,477,093
Due from broker-dealers and clearing organizations	35,606,158
Money market funds	97,451,488
Securities owned, at fair value	209,097,223
Due from related parties	4,809
Memberships in exchanges, at cost (fair value \$15,300,000)	14,000,984
Other assets	<u>562,560</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 657,773,333</u></b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>	
<b>LIABILITIES</b>	
Securities sold, not yet purchased, at fair value	\$ 23,916,238
Due to broker-dealers and clearing organizations	159,755,244
Accounts payable and accrued expenses	<u>170,766,282</u>
Total Liabilities	<u>354,437,764</u>
<b>MEMBER'S EQUITY</b>	<u>303,335,569</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 657,773,333</u></b>

See notes to statement of financial condition.

# JUMP TRADING, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

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### **NOTE 1 - Nature of Operations**

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Jump Trading, LLC (the "Company") is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of various exchanges. The Company self-clears some of its futures transactions, the rest of its trading activity is cleared through other broker-dealers. All trading activities are done for the benefit of the members and no customer accounts are maintained.

The Company is organized as a limited liability company under the Limited Liability Company Act of the State of Delaware. As a limited liability company, the member's liability is limited to the extent of their direct equity investment.

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### **NOTE 2 - Summary of Significant Accounting Policies**

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#### *Securities Transactions*

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and futures transactions entered into for the account and risk of the Company, when present, are recorded on a trade-date basis. All marketable securities, futures, and positions are valued at fair value which is the market value and the resulting difference between cost and market is included in income.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded gross on the statement of financial condition.

#### *Commissions*

Commissions and related clearing expenses are recorded on a trade-date basis as securities and futures transactions occur.

#### *Fair Value of Financial Instruments*

The Company's short-term financial instruments consist of the following: cash and cash equivalents, due from broker-dealers and clearing organizations, money market funds, due to broker-dealers and clearing organizations and accounts payable and accrued expenses. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments short-term nature.

For the fiscal year ended December 31, 2011, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly-liquid short-term investments with maturities of three months or less at the date of acquisition.

## JUMP TRADING, LLC

### NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

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#### **NOTE 2 - Summary of Significant Accounting Policies (cont.)**

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##### *Cash Balances*

The Company has cash balances in excess of the \$250,000 as of December 31, 2011. The checking accounts have unlimited FDIC coverage through December 2012. Money market balances have FDIC coverage up to \$250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

##### *Derivative Financial Instruments*

Derivative financial instruments used for trading purposes are carried at fair value. The Company does not enter into derivatives for hedging purposes. Fair value for exchange-traded derivatives, principally futures, are based on quoted market prices.

##### *Exchange Memberships*

Exchange memberships are recorded at cost or, if an other-than-temporary impairment in value has occurred, at a value that reflects management's estimate of the impairment. There was no impairment for the year ended December 31, 2011.

##### *Accounts Payable and Accrued Expenses*

As of December 31, 2011, the accounts payable and accrued expenses balance consisted primarily of accrued bonuses and shared service fees due to a related party as detailed in Note 7.

# JUMP TRADING, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

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### **NOTE 2 - Summary of Significant Accounting Policies (cont.)**

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#### *Income Tax*

As a limited liability company with a single owner, the Company is treated as a disregarded entity for Federal and Illinois income tax purposes. All income and expense of the Company is reported on the tax returns of the Company's sole member, Jump Trading Holdings, LLC. Consequently, no provision or liability for income taxes has been included in the financial statements.

The Company is subject to the accounting standard for uncertainty in income taxes. In accordance with that standard, the Company has evaluated tax positions taken or expected to be taken for all open tax years to determine whether the tax provisions are more-likely-than-not to be sustained by the applicable tax authority. Based on this analysis, there were no tax positions not deemed to meet a more-likely than not threshold. Therefore, no tax provision, including any interest and penalties, has been recorded as of December 31, 2011.

Income tax returns filed by the Company for the years ended December 31, 2008 through 2010 remain subject to examination by the relevant tax authorities. Income tax returns filed by the Company's sole member for the year ended December 31, 2011 are also subject to examination by the relevant tax authorities.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

# JUMP TRADING, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

### NOTE 3 - Fair Value of Financial Instruments

Accounting standards define fair value as 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 (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company is able to classify fair value balances based on the observability of those inputs. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by this standard are as follows:

Level 1 – Fair value is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets in which the Company can participate. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to this standard and includes in level 3 all of those whose fair value is based on significant unobservable inputs.

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2011. As required by this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Carrying Value</u>
U.S. treasuries	\$ 280,477,093	-	-	\$ 280,477,093
Securities owned	209,097,223	-	-	209,097,223
Money market funds	97,451,488	-	-	97,451,488
U.S. and foreign futures	1,464,500	-	-	1,464,500
Securities sold, not yet purchased	23,916,238	-	-	23,916,238

# JUMP TRADING, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

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### **NOTE 4 - Due From Broker-Dealers and Clearing Organizations**

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The Company generally clears its proprietary transactions through other broker-dealers on a fully-disclosed basis. At December 31, 2011, the Company had amounts due from these broker-dealers and clearing organizations totaling \$35,606,158 and amounts due to broker-dealers and clearing organizations totaling \$159,755,244.

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### **NOTE 5 - Securities Owned and Sold, Not Yet Purchased**

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Marketable securities and futures owned and sold, not yet purchased, consisted of trading and investment securities at fair value, as follows at December 31, 2011:

	<u>Owned</u>	<u>Sold, Not Yet Purchased</u>
Equities	<u>\$ 209,097,223</u>	<u>\$ 23,916,238</u>

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### **NOTE 6 - Memberships in Exchanges**

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The Company owns various exchange memberships at the Chicago Mercantile Exchange ("CME"), Chicago Climate Futures Exchange ("CCX"), Kansas City Board of Trade ("KCBOT"), Minneapolis Grain Exchange ("MGX"), Chicago Board of Trade ("CBOT"), New York Mercantile Exchange ("NYMEX" and "COMEX"), New York Board of Trade ("NYBOT"), London Metals Exchange ("LME"), Dubai Mercantile Exchange ("DME"), and NYSE Euronext ("NYX").

The Company carries these exchange memberships at their cost of \$14,000,984. At December 31, 2011, fair market value of these memberships and shares was approximately \$15,300,000.

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### **NOTE 7 - Related Parties**

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Jump Trading Holdings, LLC ("Holdings") owns 100% of the Class A shares of the Company. On October 1, 2011, all Class A shares were transferred from Jump Financial, LLC to Holdings. Holdings also owns Jump Trading International, LTD ("International") and Jump Trading Pacific PTE LTD ("Pacific"). Pacific and International are trading firms that deal in products other than those in which the Company conducts business.

The Company entered into a shared services agreement with Jump Operations, LLC ("Operations") during November 2008 which covers various operating expenses. The agreement is automatically renewed annually unless cancelled by either party with sixty days-notice. Under the agreement, the Company pays Operations a monthly fee for services rendered. In 2011, the Company paid a total of \$152,695,420 under this agreement. As of December 31, 2011, the Company had approximately \$6,000,000 of accrued, unpaid expenses relating to the agreement. The Company had a receivable from Jump Operations, LLC of \$4,809 at December 31, 2011.

# JUMP TRADING, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION December 31, 2011

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### **NOTE 8 - Financial Instruments With Off-Balance Sheet Risk**

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The Company has sold securities that it does not currently own and therefore may be obligated to purchase such securities at a future date. The Company has recorded these obligations of \$23,916,238 in the financial statements at December 31, 2011 at fair value which is the market value of the related securities. The Company will incur a loss if the market value of the securities increases subsequent to December 31, 2011.

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### **NOTE 9 - Concentrations of Credit Risk**

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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 that the 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 periodically review, as necessary, the credit standing of each counterparty.

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### **NOTE 10 - Commitments and Contingent Liabilities**

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#### *Lease Guaranty*

The Company has entered into agreements guaranteeing the performance and payment of Jump Operations, LLC under certain office lease agreements. These leases require future minimum lease payments totaling approximately \$11,400,000 through their 2017 early cancellation dates. The Company does not anticipate non-performance of Jump Operations, LLC under these leases and as such believes the risk of incurring a loss in connection with these guarantees is remote.

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### **NOTE 11- Subsequent Events**

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The Company has evaluated subsequent events occurring through February 28, 2012, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Company's financial statements.

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### **NOTE 12 - Net Capital Requirements**

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The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. The Rule also provides 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, 2011, the Company had net capital of \$205,747,446, which was \$194,363,027 in excess of its required net capital of \$11,384,419. The Company's ratio of aggregate indebtedness to net capital was 0.83 to 1.

## **JUMP TRADING, LLC**

NOTES TO STATEMENT OF FINANCIAL CONDITION  
December 31, 2011

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### **NOTE 13 - Exemptive Provision under Rule 15c3-3**

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The computation for determination of the reserve requirement under Rule 15c3-3 and the information relating to the possession or control requirements under Rule 15c3-3 are not applicable to the Company as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii)



an independent member of  
**BAKER TILLY**  
INTERNATIONAL