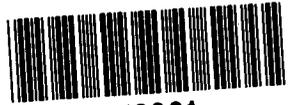


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SEC
Mail Processing
Section
SECURITIES
Washington, D.C.20549

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden
hours per response12.00

SEC FILE NUMBER
8-66612

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 AS OF 12/31/12

A. REGISTRANT IDENTIFICATION

OFFICIAL USE ONLY
FIRM ID. NO.

NAME OF BROKER-DEALER:

BELVEDERE TRADING LLC

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

10 South Riverside Plaza, Suite 2100
(No. and Street)

Chicago
(City)

Illinois
(State)

60606
(Zip Code)

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

William A. D'Anna
(Name)

(312) 262-3442
(Area Code - Telephone No)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ryan & Juraska, Certified Public Accountants
(Name - if individual, state last, first, middle name)

141 West Jackson Boulevard, Suite 2250
(Address)

Chicago
(City)

Illinois
(State)

60604
(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).

CPA
3/5

OATH OR AFFIRMATION

I, Owen O'Neill, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Belvedere Trading LLC as of December 31, 2012 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

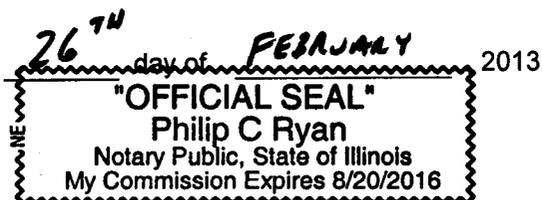


Signature

Chief Operating Officer,
Belvedere Management, Inc.,
Manager of Belvedere Trading LLC

Title

Subscribed and sworn to before me this





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 15c3-3.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers 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 Auditors' Report on Internal Accounting Control.
- (p) Schedule of Segregation Requirements and Funds in Segregation - Customers' Regulated Commodity Futures Accounts Pursuant to CFTC Rule 1.11(d)2(iv).

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

BELVEDERE TRADING LLC

STATEMENT OF FINANCIAL CONDITION
AND SUPPLEMENTARY SCHEDULES
PURSUANT TO SEC RULE 17a-5(d)

December 31, 2012

AVAILABLE FOR PUBLIC INSPECTION

R&J

RYAN & JURASKA

CERTIFIED PUBLIC ACCOUNTANTS

BELVEDERE TRADING LLC
STATEMENT OF FINANCIAL CONDITION
AND SUPPLEMENTARY SCHEDULES
PURSUANT TO SEC RULE 17a-5(d)

December 31, 2012
AVAILABLE FOR PUBLIC INSPECTION



RYAN & JURASKA
Certified Public Accountants
141 West Jackson Boulevard
Chicago, Illinois 60604

INDEPENDENT AUDITORS' REPORT

To the Member of Belvedere Trading LLC

Report on the Financial Statement

We have audited the accompanying statement of financial condition of Belvedere Trading LLC, (the "Company") as of December 31, 2012 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the statement of financial condition.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Belvedere Trading LLC as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Report on Other Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The information contained in the supplementary schedules is presented for the purpose of additional analysis and is not a required part of the financial statement, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information in the supplementary schedules has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the supplementary schedules is fairly stated in all material respects in relation to the financial statement as a whole.

Chicago, Illinois
February 25, 2013

BELVEDERE TRADING LLC
Statement of Financial Condition
December 31, 2012

Assets

Cash	\$	2,052,428
Receivables from broker-dealer		690,125
Securities owned, at fair value		4,594,192,608
Other receivables		2,642,099
Memberships and stock in exchanges, at cost (fair value \$6,128,869)		9,420,455
Furniture, equipment, software and leasehold improvements, at cost (net of accumulated depreciation and amortization of \$4,154,994)		2,453,641
Other assets		<u>489,989</u>
	\$	<u><u>4,611,941,345</u></u>

Liabilities and Member's Equity

Liabilities:		
Payables to broker-dealer	\$	846,372,552
Securities sold short, at fair value		3,648,717,124
Accounts payable and accrued expenses		<u>11,899,276</u>
		4,506,988,952
Member's equity		<u>104,952,393</u>
	\$	<u><u>4,611,941,345</u></u>

See accompanying notes.

BELVEDERE TRADING LLC

Notes to Statement of Financial Condition

December 31, 2012

1. Organization and Business

Belvedere Trading LLC (the "Company"), an Illinois limited liability company, was formed in January 2002. The Company is a broker-dealer registered under the Securities and Exchange Act of 1934. The Company is primarily a market maker buying, selling and dealing as a principal in U.S. exchange traded securities and derivative financial instruments. In addition to the Company's market making activity, the Company also engages in the proprietary trading of other exchange-traded equity securities, equity and index options, futures and futures options.

The Company is a member of numerous securities and futures exchanges. The Company is a member of the Chicago Board Options Exchange which is also the Company's Designated Examining Authority ("DEA"). The Company is also a corporate member of the Chicago Mercantile Exchange, the Chicago Board of Trade, the New York Mercantile Exchange and Commodity Exchange, Inc.

Belvedere Holdings, L.P. is the Company's sole member.

2. Summary of Significant Accounting Policies

Revenue Recognition and Securities Valuation

The Company records all securities and futures transactions on a trade date basis, and, accordingly, gains and losses are recorded on unsettled securities transactions and open futures contracts. Dividends are recorded on the ex-dividend date and interest is recognized on the accrual basis. Investments in securities and securities sold short are recorded in the statement of financial condition at fair value in accordance with Accounting Standards Codification Topic 820 ("ASC 820") - Fair Value Measurement and Disclosures (see Note 12).

Use of Estimates

The preparation of financial statements in conformity with United States Generally Accepted Accounting Principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures 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 these estimates.

Depreciation and amortization

Furniture, equipment and software acquired subsequent to December 31, 2010 is being depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold improvements acquired subsequent to December 31, 2010 are being amortized on a straight-line basis over the term of the associated lease. Fixed assets acquired prior to January 1, 2011 are being depreciated and amortized using accelerated tax depreciation methods, including MACRS and Section 179.

U.S. GAAP requires that fixed assets be depreciated over the estimated useful life of the asset. The effect of this departure from U.S. GAAP is an understatement of member's equity by approximately \$299,000 as of December 31, 2012. For the year ended December 31, 2012, the effect of this departure from U.S. GAAP is immaterial.

BELVEDERE TRADING LLC

Notes to Statement of Financial Condition, Continued

December 31, 2012

2. Summary of Significant Accounting Policies, continued

Income Taxes

No provision has been made for federal U.S. income taxes as the taxable income or loss of the Company is included in the respective income tax return of the sole member. In accordance with U.S. GAAP, the Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. Generally, the Company is no longer subject to income tax examinations by major taxing authorities for the years before 2009. Based on its analysis, there were no tax positions identified by management which did not meet the "more likely than not" standard as of and for the year ended December 31, 2012.

3. Clearing Agreements

The Company has clearing agreements with Goldman Sachs Execution and Clearing, L.P. ("GSEC") and ABN AMRO Clearing Chicago LLC ("ABN"), who provide execution, clearing and depository services for the Company in accordance with orders placed by the Company's traders.

4. Exchange Memberships and Stock in Exchanges

The Company's memberships and stock in exchanges, required for corporate equity membership, are reflected in the statement of financial condition at cost (fair value is shown parenthetically). U.S. GAAP requires that such memberships be recorded at cost, or, if a permanent impairment in value has occurred, at a value that reflects management's estimate of the fair value. In the opinion of management, no permanent impairment has occurred during the year.

5. Receivables from and Payables to Broker-Dealers

Receivables from broker-dealer includes cash balances due to ABN and unrealized net gains on open futures contracts with ABN. Payables to broker-dealer includes cash balances due to GSEC, unrealized net gains on open futures contracts with GSEC and the net receivable or payable for securities transactions pending settlement with GSEC.

6. Employee Benefit Plan

The Company has established a salary reduction (401(k)) plan for qualified employees. The Company is required to match employees' contributions, subject to certain limitations as set forth in the plan agreement, and can elect to make further discretionary contributions to the plan, also subject to limitations set forth in the plan documents. In 2012, the Company elected only to contribute the required matching contributions. Employee contributions made to the plan during the year ended December 31, 2012 totaled approximately \$1,045,000.

7. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15(c)3-1). Under this rule, the Company is required to maintain "net capital" equal to the greater of \$100,000 or 6 and 2/3 % of "aggregate indebtedness", as defined.

At December 31, 2012, the Company had net capital and net capital requirements of \$55,180,429 and \$790,734, respectively.

BELVEDERE TRADING LLC

Notes to Statement of Financial Condition, Continued

December 31, 2012

8. Concentration of Credit Risk

At December 31, 2012, a significant credit concentration consisted of approximately \$80.8 million, representing the fair value of the Company's trading accounts carried by one of its clearing brokers, Goldman Sachs Execution and Clearing, L.P. Management does not consider any credit risk associated with this receivable to be significant.

9. Financial Instruments

Accounting Standards Codification Topic 815 ("ASC 815"), Derivatives and Hedging, requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative agreements. The disclosure requirements of ASC 815 distinguish between derivatives, which are accounted for as "hedges" and those that do not qualify for such accounting. The Company reflects derivatives at fair value and recognizes changes in fair value through the statement of operations, and as such do not qualify for ASC 815 hedge accounting treatment.

In the normal course of business, the Company enters into transactions in derivative financial instruments that include futures contracts and exchange-traded options contracts as part of the Company's overall trading strategy. All derivative instruments are held for trading purposes. Fair values of options contracts are recorded in securities owned or securities sold short, as appropriate. Open trade equity in futures transactions is recorded as receivables from and/or payables to broker-dealers, as applicable. All positions are reported in the accompanying statement of financial condition at fair value and gains and losses from derivative financial instruments are reflected in trading gains in the statement of operations.

Futures contracts provide for the delayed delivery/receipt of the underlying instrument. As a writer of options contracts, the Company receives a premium in exchange for giving the counterparty the right to buy or sell the underlying instrument at a future date at a contracted price. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk. The credit risk for options contracts is limited to the unrealized fair valuation gains recorded in the statement of financial condition. Market risk is substantially dependent upon the value of the underlying instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

Securities sold short represent obligations of the Company to deliver the security or underlying instrument and, thereby, create a liability to repurchase the security or underlying instrument in the market at prevailing prices. Accordingly, these transactions result in risk as the Company's satisfaction of the obligations may exceed the amount recognized in the statement of financial condition.

The Company is engaged in various trading activities in which counterparties primarily include broker-dealers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The Company limits its exposure to credit risk by executing futures and options transactions through regulated exchanges that are subject to the exchanges' counterparty and margin approval process.

BELVEDERE TRADING LLC

Notes to Statement of Financial Condition, Continued

December 31, 2012

10. Commitments and Contingencies

The Company conducts its operations in leased office facilities and annual rentals are charged to current operations. The lease is subject to an escalation clause based on the operating expenses of the lessor.

The minimum annual rental commitments under non-cancelable operating leases are as follows as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 404,000
2014	<u>317,000</u>
	<u>\$ 721,000</u>

At December 31, 2012, the Company was contingently liable in the amount of \$210,000 under a bank issued irrevocable standby letter of credit used in lieu of a security deposit for the above sub-lease.

The Company is subject to an arbitration claim filed by a former member. The Company is vigorously defending this claim. In the opinion of management, based on consultation with legal counsel, the claim is without merit, but the prospect for a favorable outcome is unknown at this time.

11. Guarantees

Accounting Standards Codification Topic 460 ("ASC 460"), Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. ASC 460 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 nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance 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.

Certain derivatives contracts that the Company has entered into meet the accounting definition of a guarantee under ASC 460. Derivatives that meet the ASC 460 definition of guarantees include futures contracts and written options. The maximum potential payout for these derivatives contracts cannot be estimated as increases in interest rates, foreign exchange rates, securities prices, commodities prices and indices in the future could possibly be unlimited.

The Company records all derivative contracts at fair value. For this reason, the Company does not monitor its risk exposure to derivatives contracts based on derivative notional amounts; rather the Company manages its risk exposure on a fair value basis. The Company believes that the notional amounts of the derivative contracts generally overstate its exposure. Aggregate market risk limits have been established, and market risk measures are routinely monitored against these limits. The Company believes that market risk is substantially diminished when all financial instruments are aggregated.

BELVEDERE TRADING LLC

Notes to Statement of Financial Condition, Continued

December 31, 2012

12. Fair Value Measurement and Disclosures

ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to 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 the 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 ASC 820, are used to measure fair value.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- 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 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 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, 2012:

	Level 1	
	Assets	Liabilities
	Securities Owned	Securities Sold Short
Equities	\$ 786,797,068	\$ 59,655,620
Options	3,807,395,540	3,589,061,504
	<u>\$ 4,594,192,608</u>	<u>\$ 3,648,717,124</u>

At December 31, 2012, the Company had net unrealized gains on open futures contracts totaling \$10,234,028, which were Level 1 investments. Of this total amount, \$5,972,120 is reflected in receivable from broker-dealer and \$4,261,908 is reflected in payable to broker-dealer in the statement of financial condition. At December 31, 2012, the Company held no Level 2 or Level 3 investments.

13. Subsequent Events

The Company's management has evaluated events and transactions through February 25, 2013, the date the financial statements were issued, noting no material events requiring disclosure in the Company's financial statements.

SUPPLEMENTAL SCHEDULES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART III**

BROKER OR DEALER: BELVEDERE TRADING LLC

as of **December 31, 2012**

COMPUTATION OF NET CAPITAL

1.	Total ownership (from Statement of Financial Condition- Item 1800)	\$	<u>104,952,393</u>	[3480]
2.	Deduct: Ownership equity not allowable for net capital			[3490]
3.	Total ownership equity qualified for net capital	\$	<u>104,952,393</u>	[3500]
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			[3520]
	B. Other (deductions) or allowable subordinated liabilities			[3525]
5.	Total capital and allowable subordinated liabilities	\$	<u>104,952,393</u>	[3530]
6.	Deductions and/or charges:			
	A. Total non-allowable assets from Statement of Financial Condition (Other assets)	\$	<u>12,886,916</u>	[3540]
	B. Secured demand note deficiency			[3590]
	C. Commodity futures contract and spot commodities proprietary capital charges		<u>36,062,488</u>	[3600]
	D. Other deductions and/or charges			[3610]
		\$	<u>(48,949,404)</u>	[3620]
7.	Other additions and/or allowable credits (List)		-	[3630]
8.	Net Capital before haircuts on securities positions	\$	<u>56,002,989</u>	[3640]
9.	Haircuts on securities (computed, where applicable pursuant to 15c3-1(f)):			
	A. Contractual securities commitments			[3660]
	B. Subordinated securities borrowings			[3670]
	C. Trading and Investment securities			
	1. Exempted securities			[3735]
	2. Debt securities			[3733]
	3. Options			[3730]
	4. Other securities	\$	<u>822,560</u>	[3734]
	D. Undue concentration			[3650]
	E. Other (List)			[3736]
		\$	<u>(822,560)</u>	[3740]
10.	Net Capital	\$	<u>55,180,429</u>	[3750]

Non-Allowable Assets (line 6.A.):

Other receivables	\$	522,831
Memberships & exchange stock		9,420,455
Fixed assets (net)		2,453,641
Other asset		<u>489,989</u>
	\$	<u>12,886,916</u>

Note: There are no material differences between the audited computation of net capital and that per the Company's unaudited amended FOCUS report as filed.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART III**

BROKER OR DEALER: BELVEDERE TRADING, LLC

as of December 31, 2012

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A			
11.	Minimum net capital required (6-2/3% of line 19)	\$ 790,734	[3756]
12.	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 100,000	[3758]
13.	Net capital requirement (greater of line 11 or 12)	\$ 790,734	[3760]
14.	Excess net capital (line 10 less 13)	\$ 54,389,695	[3770]
15.	Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 53,994,329	[3780]

COMPUTATION OF AGGREGATE INDEBTEDNESS

16.	Total A.I. liabilities from Statement of Financial Condition	\$ 11,861,004	[3790]
17.	Add:		
	A. Drafts for immediate credit	_____ [3800]	
	B. Market value of securities borrowed for which no equivalent value is paid or credited	_____ [3810]	
	C. Other unrecorded amounts (List)	_____ [3820]	[3830]
18.	Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	_____	[3838]
19.	Total aggregate indebtedness	\$ 11,861,004	[3840]
20.	Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	21%	[3850]
21.	Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	_____	[3860]

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B			
22.	2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c-3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries debits	_____	[3870]
23.	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	_____	[3880]
24.	Net capital requirement (greater of line 22 or 23)	_____	[3760]
25.	Excess net capital (line 10 less 24)	_____	[3910]
26.	Net capital in excess of: 5% of combined aggregate debit items or \$300,000	_____	[3920]

NOTES:

- A. The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- B. Do not deduct the value of securities borrowed under subordination agreements of secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners securities which were included in non-allowable assets.
- C. For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

BELVEDERE TRADING LLC

Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3

December 31, 2012

The Company did not handle any customer cash or securities during the year ended December 31, 2012 and does not have any customer accounts.

BELVEDERE TRADING LLC

Computation for Determination of PAIB Reserve Requirements Pursuant to Rule 15c3-3

December 31, 2012

The Company did not handle any proprietary accounts of introducing brokers during the year ended December 31, 2012 and does not have any PAIB accounts.

BELVEDERE TRADING LLC

Information Relating to the Possession or Control Requirements Under Rule 15c3-3

December 31, 2012

The Company did not handle any customer cash or securities during the year ended December 31, 2012 and does not have any customer accounts.



RYAN & JURASKA

Certified Public Accountants

141 West Jackson Boulevard
Chicago, Illinois 60604

Tel: 312.922.0062

Fax: 312.922.0672

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Member of
Belvedere Trading LLC

In planning and performing our audit of the statement of financial condition of Belvedere Trading LLC. (the "Company") as of December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- (1) Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
- (2) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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 previously 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, error 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 *deficiency in internal control* 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 deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our 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. We did not identify any deficiencies in internal control and control activities for safeguarding securities and certain firm assets that we consider to be material weaknesses, as defined previously.

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, as described in the second paragraph of this report, were adequate at December 31, 2012 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Chicago Board Options Exchange 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.

Ryan & Juraska

Chicago, Illinois
February 25, 2013