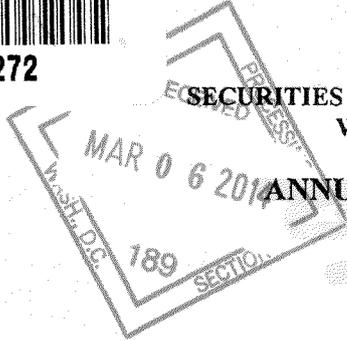


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

SEC FILE NUMBER
8 - 51225

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, 2013 AND ENDING DECEMBER 31, 2013

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: OFFICIAL USE ONLY

L & R TRADING, LLC FIRM ID. NO.

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

61 Broadway - Suite 2830

NEW YORK, NEW YORK 10006

(City) (State) (Zip Code)

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

JAMES P. RHEIN (212) - 608-9100

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LERNER & SIPKIN, CPAs, LLP

132 Nassau Street, Suite 1023 New York NY 10038

Certified Public Accountant

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.

Handwritten signature/initials

OATH OR AFFIRMATION

I, *Kevin McKnight*, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of *L & R TRADING, LLC. as of Dec 31, 2013*, are true and correct.

I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

x *Kevin McKnight* *2/24/14*
Signature
CEO
Title

x *[Signature]* *2/24/14*
Notary Public

CHRISTINA N MILORD
Notary Public, State of New York
No. 07M16261145
Qualified in Kings County
Commission Expires May 07, 2016

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (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 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 Auditors' Report.

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

L & R TRADING, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2013

ASSETS	\$ 61,956
Cash and cash equivalents	2,876,060
Securities owned, at marker value (Note 1)	15,047,882
Due from clearing broker	27,011
Other assets	<u>\$18,012,909</u>
Total assets	
 LIABILITIES AND MEMBERS' CAPITAL	
Liabilities:	\$ 86,357
Accounts payable and accrued expenses	<u>10,378,504</u>
Securities sold, not yet purchased, at market value (Note 3)	<u>10,464,861</u>
Total liabilities	
 Commitments and Contingencies (Note4)	
	<u>7,548,048</u>
 Capital (Note 5)	
	<u>\$18,012,909</u>
 Total liabilities and capital	

The accompanying notes are an integral part of this statement.

L & R TRADING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

**Note 1 - Organization and Summary of Significant Accounting Policies
(continued)**

are not covered by SIPC. The LLC has not experienced any losses in such accounts and management believes the LLC is not exposed to any significant risk on these accounts.

h) **Income Taxes**

The LLC files its tax returns as a partnership. Members are taxed individually on their share of Company earnings for federal and state income tax purposes. Accordingly, no provision for income taxes is made in the LLC's financial statements.

Note 2 - Commitments and Contingencies

Effective October 1, 2013 the company signed a lease for office space for a term of three years, that will expire on October 31, 2016. The lease contains annual escalation clauses and accordingly rent expense is recorded on the straight line basis over the life of the lease. The lease also contains an escalation clause based on increase in real estate taxes, as defined in the lease. Rental expense was \$17,246 for the year ended December 31, 2013. Future minimum lease payments for the years ending December 31, are as follows:

2014	\$ 49,092
2015	50,139
2016	<u>42,803</u>
	<u>\$142,034</u>

Note 3 - Subsequent Events

Subsequent events were evaluated through February 8, 2014 which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustments to or disclosures in the financial statements.

Note 4 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate

L & R TRADING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 4 - Net Capital Requirements (continued)

indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2013 the Company had net capital of \$4,395,611 which was \$4,205,611 in excess its required net capital of \$100,000. The Company's net capital ratio was 1.96%.



LERNER & SIPKIN
CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074
E-mail: LS@lernerstpkln.com

INDEPENDENT AUDITORS' REPORT

To the Members of
L&R Trading LLC
61 Broadway - Suite 2830
NY, NY 10006

Report on the Financial Statements

We have audited the accompanying statement of financial condition of L & R Trading LLC, (the Company) as of December 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statement of financial condition 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 statement of financial condition that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statement of financial condition 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 Company'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 statement of financial condition.

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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of L & R Trading LLC, as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Lerner & Sipkin CPAs LLP
Lerner & Sipkin, CPAs, LLP
Certified Public Accountants (NY)

New York, NY
February 8, 2014