



SECURITIES

17005872

ANNUAL AUDITED REPORT

~~FORM 17A-5~~

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

RMS

SEC Processing Section

FEB 27 2017

Washington DC 416

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response...	12.00

SEC FILE NUMBER
8-66548

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COBRA TRADING, INC.

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

4800 HEDGCOXE ROAD, SUITE 300

(No. and Street)

PLANO

(City)

TX

(State)

75024

(Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

CHADD HESSING

972-491-7999

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MOSS ADAMS LLP

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

8750 N. CENTRAL EXPRESSWAY, STE. 300

(Address)

DALLAS

(City)

TX

(State)

75231

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

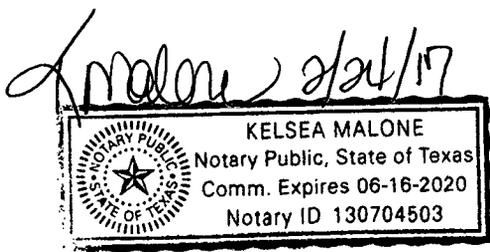
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

RS

OATH OR AFFIRMATION

I, CHADD HESSING, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

COBRA TRADING, INC., as of DECEMBER 31, 2016, 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:



Chadd Hessing
Signature
President
Title

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.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder
Cobra Trading, Inc.

We have audited the accompanying statement of financial condition of Cobra Trading, Inc. (the Company) as of December 31, 2016, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cobra Trading, Inc. as of December 31, 2016, 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.

The information in Schedules I and II (the "Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of Cobra Trading, Inc.'s financial statements. The information in Supplemental Information is the responsibility of Cobra Trading, Inc.'s management. Our audit procedures include determining whether the information in Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in Supplemental Information. In forming our opinion on the information in Schedule I, we evaluated whether the information in Schedule I, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In forming our opinion on the information in Schedule II, we evaluated whether the information in Schedule II, including its form and content is presented in conformity with Regulation 1.17 of the Commodity Futures Trading Commission. In our opinion, the information in Supplemental Information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Dallas, Texas

February 23, 2017

COBRA TRADING, INC.
Statement of Financial Condition
December 31, 2016

ASSETS

Deposits with broker-dealers	\$ 216,131
Clearing deposit with broker-dealer	100,000
Receivable from broker-dealer	93,660
Receivable from customers	68,542
Property, equipment and leasehold improvements, net of accumulated depreciation of \$36,412	16,663
Other Assets	<u>30,814</u>
	<u>\$ 525,810</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 293,964
	<u>293,964</u>

Stockholder's equity:

Common stock, no par value, 100,000 shares authorized, 1,000 shares issued and outstanding	96,250
Retained earnings	<u>135,596</u>
Total stockholder's equity	<u>231,846</u>
	<u>\$ 525,810</u>

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

COBRA TRADING, INC.
Statement of Income
For the Year Ended December 31, 2016

Revenues:

Commissions	\$ 1,607,171
Interest income	11,657
Fee income	1,642,508
Miscellaneous income	409
Total Income	<u>3,261,745</u>

Expenses:

Employee compensation and benefits	815,421
Brokerage and clearance fees	2,031,679
Communications	36,928
Occupancy and equipment costs	79,864
Promotional costs	1,832
Interest	551
Regulatory fees and expenses	29,279
Other expenses	218,124
Total operating expenses	<u>3,213,678</u>

Net Income	<u>\$ 48,067</u>
------------	------------------

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

COBRA TRADING, INC.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2016

	Shares	Common Stock	Retained Earnings	Total
Balance at December 31, 2015	1,000	\$ 96,250	\$ 87,529	\$ 183,779
Net income			48,067	48,067
Balance at December 31, 2016	1,000	\$ 96,250	\$ 135,596	\$ 231,846

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

COBRA TRADING, INC.
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows from Operating Activities

Net income	\$ 48,067
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	5,407
Change in operating assets and liabilities:	
Decrease in clearing and other deposits with broker-dealer	4,969
Decrease in receivable from broker-dealer	3,700
Decrease in receivable from customers	4,103
Increase in other assets	(318)
Decrease in accounts payable and accrued expenses	(65,928)
Net cash provided (used) by operating activities	<u>0</u>
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of year	<u>0</u>
Cash and cash equivalents at end of year	<u>\$ 0</u>

Supplemental disclosures

Cash paid for:

Income taxes	<u>0</u>
Interest	<u>\$ 551</u>

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

COBRA TRADING, INC.
Notes to Financial Statements
December 31, 2016

Note 1 — Organization and Nature of Business

Cobra Trading, Inc. (the "Company") was organized in June, 2004. The Company became a broker/dealer in securities registered with the Securities and Exchange Commission ("SEC") effective December 17, 2004, and is a member of the Financial Industry Regulatory Authority ("FINRA"), the National Futures Association ("NFA") and Securities Investor Protection Corporation ("SIPC"). The Company operates under the exemption provisions of SEC Rule 15c3-3(k)(2)(ii) which provide that all funds and securities belonging to the Company's customers be handled by a clearing broker-dealer.

The Company's customers are primarily individuals trading securities through the Company's online portal.

Cash and Cash Equivalents

The Company treats money market mutual funds and all highly liquid debt instruments with original maturities of three months or less as cash equivalents for purposes of the statement of cash flows.

Property and Equipment

Property and equipment are stated at cost. Depreciation on office equipment and furniture is computed using the straight line method over useful lives of three to seven years.

Management 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 period. Actual results could differ from those estimates.

Revenue Recognition

Commissions are recorded on the trade date basis. Fee income is reflected in the period services are performed.

Advertising Costs

All nondirect-response advertising costs are expensed as incurred. Advertising costs were \$1,832 for the year ended December 31, 2016.

COBRA TRADING, INC.
Notes to Financial Statements
December 31, 2016

Note 2 — Deposits with and Receivable from Clearing Broker-Dealer

Deposits with clearing broker-dealer include cash required to be maintained at the clearing broker-dealer for clearing and trading activities. Receivable from clearing broker-dealer is comprised of commissions. Such amounts are normally collected between five and thirty-five days after month end.

Note 3 — Furniture, Equipment and Leasehold Improvements

A summary of furniture and equipment at December 31, 2016 is as follows:

Furniture and fixtures	\$19,850
Equipment	<u>33,225</u>
	\$53,075
Less: accumulated depreciation	<u>36,412</u>
	<u>\$16,663</u>

Depreciation expense was \$5,407 for the year ended.

Note 4 — Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, a minimum net capital requirement must be maintained, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis.

At December 31, 2016, the Company had net capital of \$115,827 and net capital requirements of \$19,598. The ratio of aggregate indebtedness to net capital was 2.54 to 1 at December 31, 2016. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Pursuant to the net capital requirements of Section 1.17 of the Commodity Exchange Act, a minimum net capital requirement must be maintained, as defined under such provisions. As an introducing broker, the Company is required to maintain net capital of \$45,000. At December 31, 2016, the Company had net capital as defined under Section 1.17 of \$115,827 which resulted in an excess net capital of \$70,827.

COBRA TRADING, INC.
Notes to Financial Statements
December 31, 2016

Note 5 — Possession or Control Requirements

The Company does not have any possession or control of customers funds or securities. The Company follows the exemptions of Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 6 — Federal Income Taxes

The Company, with consent of its stockholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

The Company files income tax returns in the US federal jurisdiction and in various state and local jurisdictions. The Company's federal income tax returns for all tax years ended on or after December 31, 2013, remain subject to examination by the Internal Revenue Service. The Company's state and local income tax returns are subject to examination by the respective state and local authorities over various statutes of limitation, most ranging from three to five years from the date of filing.

The Company applies FASB ASC 740-10 relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosures required. The Company does not have any uncertain tax positions.

Note 7 — Commitments and Contingencies

The Company is required to indemnify its clearing broker-dealers if a customer fails to settle a securities transaction according to its clearing agreement. Management has been advised that there were unsecured debits in customer accounts of \$68,542 at December 31, 2016. Reserves for the debits have been established in the deposits with the broker-dealer.

COBRA TRADING, INC.
Notes to Financial Statements
December 31, 2016

Note 8 — Operating Lease

The Company has entered into non-cancelable lease agreements for its offices and certain equipment. Rent expense for the year was \$59,428. The office space lease expires December 31, 2019. Future minimum lease payments required under the leases are as follows:

2017	\$ 53,736
2018	53,736
2019	<u>53,736</u>
	<u>\$161,208</u>

Note 9 — Concentration Risks

At December 31, 2016, and at various times throughout the year, the Company may have had cash balances in excess of federally insured limits.

The Company has one customer who makes up approximately 47% of its fee income. If these relationships are terminated, the Company may be exposed to financial risk.

Supplemental Information Pursuant to Rule 17a-5
of the Securities Exchange Act of 1934, as of
December 31, 2016

Schedule I

COBRA TRADING, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2016

Computation of Net Capital

Total ownership equity qualified for net capital		\$	231,846
Deductions and/or charges			
Non-allowable assets:			
Receivable from customers	\$	68,542	
Property & Equipment		16,663	
Other assets		30,814	116,019
			<hr/>
Net capital before haircuts on securities positions			115,827
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):			
			<hr/>
			--
			<hr/>
Net capital		\$	<u>115,827</u>
Aggregate Indebtedness			
Items included in statement of financial condition			
Accounts payable and accrued expenses		\$	293,964
			<hr/>
Total aggregate indebtedness		\$	<u>293,964</u>

Schedule I (continued)

COBRA TRADING, INC.
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of December 31, 2016

Computation of Basic Net Capital Requirement

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 19,598</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Minimum net capital requirement (greater of two minimum requirement amounts)	<u>\$ 19,598</u>
Net capital in excess of minimum required	<u>\$ 96,229</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital	<u>\$ 86,431</u>
Ratio: Aggregate indebtedness to net capital	<u>2.54 to 1</u>

Reconciliation with Company's Computation

There are no material differences between this computation of net capital and the corresponding computation prepared by the Company and included in the unaudited Form X-17A-5 Part II FOCUS Report filing as of the same date.

Supplemental Information Pursuant to Regulation 1.17
of the Commodity Futures Trading Commission
For the Year Ended December 31, 2016

Schedule II

COBRA TRADING, INC.

Computation of Net Capital Under Regulation 1.17

of the Commodity Futures Trading Commission

As of December 31, 2016

COMPUTATION OF ADJUSTED NET CAPITAL

Total ownership equity qualified for net capital		\$ 231,846
Deductions and/or charges		
Non-allowable assets:		
Receivable from customer	\$ 68,542	
Property & Equipment	16,663	
Other assets	30,814	116,019
		<hr/>
Net capital before haircuts on securities positions		115,827
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):		--
		<hr/>
Adjusted Net capital		115,827
Net Capital Required		<hr/> 45,000
Excess Net Capital		<hr/> <hr/> \$ 70,827

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Cobra Trading, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Cobra Trading, Inc. identified provision 17 C.F.R. §15c3-3(k)(2)(ii) (the "exemption provisions") under which Cobra Trading, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3 and (2) Cobra Trading, Inc. stated that Cobra Trading, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Cobra Trading, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Cobra Trading, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Moss Adams LLP

Dallas, Texas
February 23, 2017



EXEMPTION REPORT

DECEMBER 31, 2016

Comes now the firm and makes the following statements that we believe are true and accurate to the best of our knowledge and belief:

1. The firm is exempt from Rule 15c3-3 under Section (k)(2)(ii), in which all transactions are cleared through another broker-dealer on a fully disclosed basis.
2. The firm met the identified exemption provisions throughout the most recent fiscal year without exception.

A handwritten signature in black ink, appearing to read "Chadd Hessing", is positioned above the printed name and title.

Chadd Hessing
President

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES
DECEMBER 31, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Stockholder of
Cobra Trading, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we 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 we performed and our findings are as follows.

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers prepared by the Company noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, noting no differences; and

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

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our 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.

Moss Adams LLP

Dallas, Texas

February 23, 2017

SIPC-7

33 REV 7-13

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box #2185 Washington, D.C. 20005-2185
202-371-8300

General Assessment Reconciliation

For the fiscal year ending 12-31-2014

REGISTRATION INFORMATION: www.sipc.com

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

Name of Member: Cobra Trading Inc. (Do not check "Employing Activities" if you are not an employer) (Do not check "Employing Activities" if you are not an employer)
Address: 4800 HEDGCOXE RD STE 300
City/State/Zip: PLANO TX 75024-2407 (SEE Rule 17c-1)

1919*****2652*****MIXED AADC 220
 66548 FINRA DEC
 COBRA TRADING INC
 4800 HEDGCOXE RD STE 300
 PLANO TX 75024-2407

Name of the person to whom the assessment should be sent (if different from the member's name) (Do not check "Employing Activities" if you are not an employer)
Address: _____
City/State/Zip: _____

Name and telephone number of person to whom reporting should be made (Do not check "Employing Activities" if you are not an employer)
Name: Udo Hessing Telephone: 972-491-7999

A General Assessment (Carry over from page 3) \$ 2,900
 B Total assessment with SIPC fee (exclude interest) \$ 1,511.14
 C Overpayment (include interest) \$ 232.86
 D Total assessment (B minus C) \$ 1,156
 E PAYMENT: The box
 Check mailed to P.O. Box Funds Wired
 Total (must be same as F above) \$ 1,156
 H Overpayment (include interest) \$ _____

3 Signatures of the member and distributor (If the member is a partnership, give name and title of each partner)

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Dated this 16th day of February 2017

Cobra Trading, Inc.
Udo Hessing
President

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Date: _____
 Reviewed: _____
 Calculated: _____
 Forwarded: _____
 Exception: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2016
and ending 12/31/2016

Item No.

Eliminate cents

24. Total (average) FOCUS Line 3 PART I/A Line 9 Page 4130

\$ 3,261,744

25. Additions:

- (1) Total revenue from the business of securities, except for (a) (1) (i) and (ii) (See Instruction C) if included above
- (2) Net loss from commodity futures in securities trading accounts
- (3) Net loss from commodity futures in commodity trading accounts
- (4) Interest and dividend expense deducted in determining Item 24
- (5) Net loss from management or participation in the underwriting or distribution of securities
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management or participation in underwriting or distribution of securities
- (7) Net loss from securities in investment accounts

Total additions

26. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust; from the sale of variable annuities; from the business of insurance; from investment advisory services rendered to registered investment companies or insurance company separate accounts; and from transactions in security futures products
- (2) Revenues from commodity transactions
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions
- (4) Reimbursements for postage in connection with proxy solicitation
- (5) Net gain from securities in investment accounts
- (6) 100% of commissions and markups earned from transactions in: (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date
- (7) Direct expenses of printing, advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(b)(1) of the Act)
- (8) Other revenue not related either directly or indirectly to the securities business (See Instruction C)

1A,378

2,031,680

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense FOCUS Line 23 PART I/A Line 13 Code 4075 plus line 23(4) above but not in excess of total interest and dividend income

\$ 551

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5 Code 3960)

\$ _____

Enter the greater of line (i) or (ii)

551

Total deductions

2,101,680

28. SIPC Net Operating Revenues

\$ 1,160,135

29. General Assessment @ .0275

\$ 2,900

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL**

To the Board of Directors and Stockholder
Cobra Trading, Inc.

In planning and performing our audit of the financial statements and supplemental information of Cobra Trading, Inc. (the "Company"), as of and for the year ended December 31, 2016, 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 an opinion on the financial statements, 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 Regulation 1.16 of the Commodity Futures Trading Commission ("CFTC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16, in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17.

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 CFTC'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. Regulation 1.16(d)(2) 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 previously, 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.

MOSS ADAMS_{LLP}

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control 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 firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the Commodity Exchange Act 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, 2016, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Company's stockholder, Board of Directors, management, the CFTC, the National Futures Association, Financial Industry Regulatory Authority, and other regulatory agencies that rely on Regulation 1.16 of the CFTC 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.

Moss Adams LLP

Dallas, Texas
February 23, 2017