

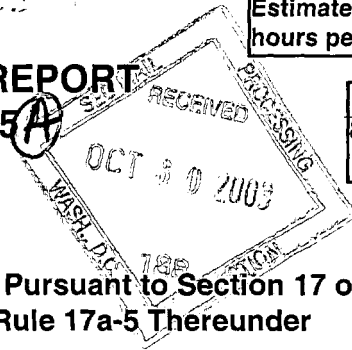


SECURITI 03053512 SSION
Washington, D.C. 20002

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

SEC FILE NUMBER
8-33180



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 July 1, 2002 AND ENDING June 30, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Archipelago Trading Services

OFFICIAL USE ONLY
FIRM ID. NO.

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

Altamonte Springs **FL** **32701**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Patrick Murphy **(312) 442-7005**
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young LLP

5 Times Square **New York** **NY** **10036**
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

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THOMSON
FINANCIAL

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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).

OATH OR AFFIRMATION

I, Patrick Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and **supporting** schedules pertaining to the firm of Archipelago Trading Services, Inc. as of June 30, 2003, 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:

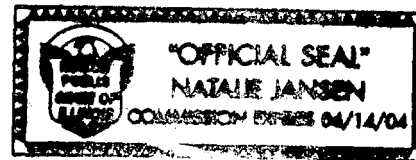


Signature

Financial and Operational Principal

Title


Notary Public



*State of Illinois
Cash County*

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or 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).



archipelago

October 24, 2003

Mr. Clint Johnson
Field Supervisor
NASD Regulation
Atlanta District Office
One Securities Centre, Suite 500
3490 Piedmont Road, NE
Atlanta, GA. 30305-4808

Dear Mr. Johnson:

Pursuant to your letter dated, October 23, 2003, please accept our reconciliation of the Computation of Net Capital for the firm's June 30, 2003, annual audited report of financial condition. The following paragraphs explain the \$23,353 difference between our original Net Capital Computation filed with our FOCUS and our audited financial statements.

The decrease in Net Capital of \$23,353 was the result of three adjustments made by our auditors, Ernst & Young, LLP. The first adjustment was an increase in the cash balance on the general ledger. Unrecorded deposits and bank charges totaling \$11,679 were not included in the ending bank balance. (See Exhibit #1 for detail)

The second adjustment was to the accounts receivable balance. The incorrect document date was selected when running the original aging report to determine the total allowable and non-allowable receivable balance. As a result, our auditors reduced total receivables by \$52,708 and allowable receivables by \$35,032. We have provided a detailed listing of the customer accounts that comprise the adjusted allowable receivable balance.

The final adjustment was to Other Assets – non-allowable. The amount of this adjustment was an increase of \$90 due to unrecorded inter-company receivable.

Please contact me directly at 312-442-7005 if you have any further questions or comments regarding our June, 2003 audited statement of financial condition.

Sincerely,

Patrick Murphy
Financial and Operational Principal
Archipelago Trading Services, Inc.

Archipelago Trading Services, Inc.
100 South Wacker Drive, Suite 2000
Chicago, Illinois 60606
P 312.960.1696 F 312.960.1369
www.archipelago.com

Archipelago Trading Services, Inc. is a member of NASD and SIPC.



Cc:

Securities Exchange Commission
450 5th Street, NW
Washington, DC 20549
Attn: Division of Market Regulation
Broker/Dealer Audits

Securities Exchange Commission
Southeast Region
801 Brickell Ave. Suite 1800
Miami, FL 33131
Attn: Division of Market Regulation
Broker/Dealer Audits



Archipelago Trading Services, Inc.
Reconciliation of the Computation of Net Capital
Under SEC Rule 15c3-1

June 30, 2003

Net Capital	9/30/03 FOCUS	Audited Financial Statements	Net Change
Total Stockholders Equity	303,674	262,735	40,939
Nonallowable assets, deductions and charges			
Receivables from brokers, dealers and customers, net	(151,407)	(133,731)	(17,676)
Other assets	(21,094)	(21,184)	(90)
Net Capital Before Haircuts	131,173	107,820	
Computation of aggregate indebtedness			
Total aggregate indebtedness from statement of financial condition	55,208	55,208	
Computation of basic net capital requirements			
Minimum net capital required (the greater of \$5,000 or 6-2/3% of aggregate indebtedness)	5,000	5,000	
Excess net capital	126,173	102,820	23,353
Ratio of aggregate indebtedness to net capital	0.42:1	0.51:1	



Archipelago Trading Services, Inc.
Changes in Asset Balances
FYE 9-30-03

	<u>9/30/03 FOCUS Filing</u>			<u>Audited Financial Statements</u>			<i>Net Change in Assets</i>	<i>Exhibit Number</i>
	<i>Allowable</i>	<i>Non-Allowable</i>	<i>Total</i>	<i>Allowable</i>	<i>Non-Allowable</i>	<i>Total</i>		
Cash	97,851		97,851	109,530		109,530	11,679	1
Receivables from Broker/Dealers								
B. Other	88,530	151,407	239,937	53,498	133,731	187,229	(52,708)	2
Other Assets		21,094	21,094		21,184	21,184	90	
Total Assets	186,381	172,501	358,882	163,028	154,915	317,943	(40,939)	

Archipelago Trading Services, Inc.
 Wachovia Bank Account 2000007291386
 G/L 000-1000-61
 As of June 30, 2003

Balance per bank 6-30-03 24,029.76

Adjustments:

Adjusted balance 6-30-03 24,029.76

Balance per G/L 6-30-03 12,350.49

Adjustments:

Number of Checks

2-11 transfer to 1399	(36.00)	
2-11 bank service charges	(201.11)	
3-12 transfer to 1399	(36.00)	
3-12 bank service charge	(189.41)	
4-7 deposit	843.92	5
4-25 deposit	16.05	1
4-9 bank service charge	(159.75)	
5-13 deposit	999.88	3
5-9 bank service charge	(161.04)	
5-13 transfer to 5158	(1,000.00)	
6-3 deposit	104.00	1
6-25 deposit	11,662.47	3
6-11 bank service charge	<u>(163.74)</u>	

Adjusted balance 6-30-03 24,029.76

Archipelago Trading Services, Inc.
Detailed Listing of Receivables less than 30 Days

Customer #	MPID	Name	Billing Period	ATS Charge	SEC Charge	Total
681	GLBZ	Global Tradz, Inc.	6/1/03-6/30/03	2.09	-	2.09
254	PFSI	Penson Financial Services, Inc.	6/1/03-6/30/03	14.78	-	14.78
1067	BLTK	Bulltick, LLC	6/1/03-6/30/03	16.15	-	16.15
623	TRDW	Grossman & Company, LLC	6/1/03-6/30/03	18.38	0.17	18.55
38	BEST	Bear, Stearns & Co., Inc.	6/1/03-6/30/03	24.00	2.00	26.00
810	WCMP	Lexit Capital	6/1/03-6/30/03	26.46	0.54	27.00
342	WDCO	Wilson-Davis & Co., Inc.	6/1/03-6/30/03	49.98	0.41	50.39
345	WEDB	Wedbush Morgan Securities Inc.	6/1/03-6/30/03	50.13	0.49	50.62
576	BRGE	Newbridge Securities Corporation	6/1/03-6/30/03	54.28	0.51	54.79
722	MLNM	Millennium Brokerage, LLC	6/1/03-6/30/03	57.74	0.54	58.28
270	QUIN	JDQ Financil Group, Inc.	6/1/03-6/30/03	68.17	0.34	68.51
746	TORS	Trend Trader, LLC	6/1/03-6/30/03	72.40	0.06	72.46
351	WMIN	Westminster Securities Corporation	6/1/03-6/30/03	72.56	0.11	72.67
703	MXFG	Maximum Financial Investment Group	6/1/03-6/30/03	75.39	0.15	75.54
223	NAIB	Global Partners Securities, Inc.	6/1/03-6/30/03	83.59	0.63	84.22
697	GLBA	Electronic Access Direct, Inc.	6/1/03-6/30/03	121.83	0.39	122.22
559	SPTD	Speedtrader.com, Inc.	6/1/03-6/30/03	142.25	0.87	143.12
375	NVST	Investin Securities Corp.	6/1/03-6/30/03	145.81	1.17	146.98
824	REDT	Redwood Trading	6/1/03-6/30/03	149.10	0.73	149.83
2693	STRO	Strome Securities, L.P.	6/1/03-6/30/03	154.00	0.68	154.68
721	TIME	Investscape Inc.	6/1/03-6/30/03	196.24	1.17	197.41
727	SYNG	Synergy Investment Group	6/1/03-6/30/03	229.90	0.87	230.77
827	EQTY	Equity Trading Online, LLC	6/1/03-6/30/03	247.71	0.18	247.89
2060	MICA	Spartan Securities Group, Ltd	6/1/03-6/30/03	264.76	2.27	267.03
1823	INTG	RML Trading	6/1/03-6/30/03	303.34	2.57	305.91
694	MSTR	Pristine Securities DBA	6/1/03-6/30/03	317.69	1.75	319.44
3034	UCAP	U.S. Capital Partners, Inc.	6/1/03-6/30/03	317.49	4.55	322.04
3025	MAXM	Maxim Group	6/1/03-6/30/03	372.77	5.98	378.75
111	FRGP	Forge Financial Group, Inc.	6/1/03-6/30/03	441.06	2.53	443.59
630	AYME	Martinez-Ayme Financial Group	6/1/03-6/30/03	472.97	10.33	483.30
1741	HMPT	Hampton Securities Inc.	6/1/03-6/30/03	487.41	2.45	489.86
328	TRWN	T.R. Winston & Company, Inc.	6/1/03-6/30/03	615.73	3.58	619.31
103	FLSC	First London Securities Corporation	6/1/03-6/30/03	662.52	2.10	664.62
84	EDGE	Edgetrade.com, Inc.	6/1/03-6/30/03	670.66	-	670.66
625	VFIN	V Finance Investments	6/1/03-6/30/03	744.68	3.67	748.35
665	GREA	Great Eastern Securities	6/1/03-6/30/03	1,003.34	6.74	1,010.08
1053	BKBD	Blackbeard Securities, Inc.	6/1/03-6/30/03	1,019.51	3.02	1,022.53
261	POND	Pond Equities Inc.	6/1/03-6/30/03	1,078.43	18.32	1,096.75
747	DIVA	Divine Capital Securities Corp.	6/1/03-6/30/03	1,126.99	13.30	1,140.29
42	BKRT	Mercer, Bokert, Buckman & Reid, Inc.	6/1/03-6/30/03	1,207.53	36.67	1,244.20
693	OLYM	NT Securities LLC	6/1/03-6/30/03	1,546.47	11.49	1,557.96
743	MBTS	MB Trading	6/1/03-6/30/03	1,730.93	14.81	1,745.74
358	LSCI	Lexi, Shouenau & Co, Inc.	6/1/03-6/30/03	1,793.50	16.47	1,809.97
158	JBOC	J.B. Oxford & Company	6/1/03-6/30/03	1,819.21	26.97	1,846.18
3033	WVBD	Wave Securities	6/1/03-6/30/03	1,903.48	36.28	1,939.76
639	DOMS	Domestic Securities, Inc.	6/1/03-6/30/03	2,061.71	19.89	2,081.60
125	GOOD	Greenwood Partners L.P.	6/1/03-6/30/03	2,299.57	14.16	2,313.73
562	CCLS	Computer Clearing Services	6/1/03-6/30/03	2,887.14	21.76	2,908.90
726	TNTO	Terra Nova Trading	6/1/03-6/30/03	3,584.01	30.39	3,614.40
554	SCHB	Schwab Capital Markets L.P.	6/1/03-6/30/03	4,750.72	57.37	4,808.09
229	NFSC	Fidelity Investment	6/1/03-6/30/03	5,294.27	22.15	5,316.42
582	SGCL	ABN Amro Sage	6/1/03-6/30/03	4,939.36	433.16	5,372.52
422	FCCP	First Union Capital Market	6/1/03-6/30/03	16,149.16	88.48	16,237.64
				<u>63,939.35</u>	<u>925.22</u>	

Total 64,864.57
Less Disputed amount
from First Union Sec (11,366.35)
Adjusted Allowable 53,498.22