Registered number: 02505767

CANTOR FITZGERALD EUROPE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CANTOR FITZGERALD EUROPE

COMPANY INFORMATION

DIRECTORS	Mr S. Capstick Mr R. Haley (resigned 18 March 2021) Ms J. Hill (non-executive) (appointed 11 February 2021) Mr M. E. Kaplan Ms D. E. Moore (non-executive) (resigned 1 May 2021) Mr I. Salters Mr A. J. Simpson (non-executive) (resigned 1 May 2021) Mr E. Villiers (non-executive) (appointed 11 February 2021)
REGISTERED NUMBER	02505767
REGISTERED OFFICE	5 Churchill Place Canary Wharf London E14 5HU
INDEPENDENT AUDITOR	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

CANTOR FITZGERALD EUROPE

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION
Cantor Fitzgerald Europe ("the Company" or "CFE") is an unlimited company with share capital, which acts as an investment bank in securities and derivatives operating from the United Kingdom, Israel and Dubai.

The Company is part of the Cantor Fitzgerald, L.P. group which is comprised of Cantor Fitzgerald, L.P. ("CFLP") and its subsidiaries (the "Cantor Group"). The immediate parent of the Company is Cantor Fitzgerald Services LLP ("CFS LLP" or the "Parent LLP").

The Company is regulated by the Financial Conduct Authority ("FCA") and is authorised to conduct investment business in the UK under the Financial Services and Markets Act 2000 ("FSMA"). The Company's Dubai branch is regulated by the Dubai Financial Services Authority ("DFSA"). The Company also has a branch office in Israel.

As at 31 December 2021, the Company was an equity exchange member of the London Stock Exchange, NYSE, Euronext in Amsterdam, Brussels and Paris and Deutsche Borse Xetra. The Company was a derivatives exchange member of the London Stock Exchange, NYSE Euronext in Amsterdam, Brussels and Paris, Eurex Exchange, ICE Futures Europe and Nasdaq OMX.

The Parent LLP has a partnership structure for its key front office professionals to further align their interests with the stakeholders of the Cantor Group. The principal activity of the Parent LLP is to act as a service entity, providing the services of its staff, members and board to the Company.

The Company operates four main business lines: Equities, Fixed Income, Prime Services and Investment Banking.

Equities
The Company houses a leading trading and execution business, with a global client base. The Equity desks provide best execution at competitive prices by tapping into the liquidity of our institutional and hedge fund relationships. Its approach is based on intelligent order prioritization, seamless risk pricing and our ability to execute in any time zone. It offers solutions in the following products: global program trading, block trading, FTSE100/250 & Stoxx 600 equities, Privates, ADRs/GDRs, US electronic and high-touch execution, Equity Capital Markets distribution and event-driven strategies. The Company's Equity Derivatives team is ranked #1 in the wholesale market by clients and competitors. Its single stock options team can source liquidity in all major European names and provides coverage of index futures and options. CFE Tracker Quants provides a detailed forecasting service for constituent changes to global benchmarks (MSCI & FTSE Russell International) at a developed and emerging market level and all core domestic indices in Europe & North America.

Fixed Income
CFE provides a comprehensive sales, trading and research service for fixed income, through the Cantor Group's global network of more than 250 professionals across six countries. By combining the talent and experience of its team with a state-of-the-art electronic trading platform, it can provide comprehensive liquidity, fast and efficient execution and unparalleled expertise. The Fixed Income division utilizes advanced analytical modelling tools to produce superior results. The business offers research, market-making and distribution for corporate bonds (investment-grade & high-yield), leveraged finance, including loan trading, agency services and trade claims, preferred stock & hybrid securities and commercial paper & money market instruments.

Prime Services
CFE's Prime Services team offers clients a global, multi-asset prime brokerage platform, leveraging the clearing, financing and execution capabilities of Cantor Fitzgerald and focuses on high quality Middle Market Asset and Fund managers. Its approach is based on innovative technology coupled with a unique, consultative, high-touch client experience in an industry where client focus is greatly diluted. The team is led by a deeply experienced, hands-on Senior Management team with a proven track record of building significant prime brokerage business at bulge bracket firms. The cornerstone of everything the prime services division does is based around a dynamic relationship-driven culture.

Investment Banking

The Cantor Group's Investment Banking division is a market leader in the Power, Energy, Infrastructure and Healthcare sectors, with a presence in New York, San Francisco, Toronto, London, Hong Kong and Dubai. Its unique approach involves combining advisory and capital market expertise within its industry teams, allowing it to deliver tailored, product-agnostic advice to industry clients. Cantor's proven track record of expert advice is even more valued given the current backdrop of fast-paced, disruptive change. The transition from a carbon-intensive economy to a more sustainable world is one of the biggest structural changes to ever face the energy sector. CFE's banking team are experts in the industry and well placed to advise our clients on navigating this new environment. The businesses advises clients across a range of areas including Mergers & Acquisitions, equity & debt financing solutions and restructurings.

BUSINESS REVIEW

In 2021, Cantor Fitzgerald Europe continued to concentrate on its core activities of Equities, Fixed Income, Investment Banking and Prime Services, thereby mirroring Cantor Fitzgerald's global product offering. After the success of the previous year, 2021 would prove to be a difficult year. Lower volumes and reduced client activity led to reduced revenues across both Equities and Fixed Income, however, Investment Banking deals increased especially in the renewable energy space, whilst Prime would have a tremendous year reaping the foundations laid the prior year. CFE made a reduced profit before tax of US$1,098k (2020: profit US$2,452k), despite a challenging financial environment. Revenue was down to $80,369k versus $97,059k for 2020.

After a strong opening quarter, Equities volumes disappeared despite market volatility. The success of the UK Market Making was quickly reversed as AIM volumes dried up. Some successes were seen with the firm's participation and subsequent lead in listing SPAC's on EURONEXT Amsterdam Exchange. Overall, however, lower revenue from commissions, Inventory trading and UK Market Making pushed the business into negative territory.

Fixed Income struggled in 2021, with lower volumes and reduced client activity resulted in the business losing money reversing a profit the prior year.

Prime Services finally saw substantive growth in 2021. Despite the market fall out from Archegos, the business increased its swap balances from a low of $150m to over $1bn. Both revenue and profitability jumped considerably building upon the foundations laid in 2020.

Investment Banking continued to build on the positive story of 2020. The Power Energy & Infrastructure ("PEI") team continued to deliver on a larger number of transactions, leading the way in the Renewable energy transactions across Europe. It achieved its first mandate in the TMT space an area that offers a lot of opportunity for 2022.

FUTURE DEVELOPMENTS

Cantor Fitzgerald Europe will look to monetize its investment and expansion into the Private Capital Markets arena. The firm will also look to address issues around Brexit and expand into continental Europe by seeking a vehicle to allow it access the European Economic Area (EEA). CFE is also hoping to replicate the success of the US SPAC market, as SPAC offerings increase in Europe (Amsterdam, Paris, Italy and hopefully London) and Asia.

POST BALANCE SHEET EVENTS

On 24 February 2022 Russia invaded Ukraine. In response to the war the US, UK and EU all introduced sanction regimes impacting a large number of Russian entities and individuals and these evolve on a daily basis.

The Company has no significant exposure to Russia or Ukraine and no impairments or provisions have been recorded in these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Business activity risk
The principal risks facing the Company arise from:
- high level of competition for clients from other brokerage and financial services firms;
- the challenge of attracting and retaining highly skilled revenue producers and appropriately qualified staff in all other areas; and
- the impact on the industry created by the UK/EU trade relationship.

Credit, market, interest rate, liquidity, foreign exchange, operational, regulatory and capital risk
The Company faces credit, market, interest rate, liquidity, foreign exchange, operational, regulatory and capital risk in the course of its normal business. The directors place reliance on the risk management functions and receive regular reports on specific risks affecting the Company. The Company has established policies and procedures to mitigate further its exposure to these risks, as detailed in the risk management notes (see notes 22 to 30).

European Union Referendum
The UK and European Union trade agreement was signed on 30 December 2020, which was applied provisionally from 1 January 2021 and entered into force on 1 May 2021. The Cantor Group has established several work streams to analyse and plan for the potential effects of a number of scenarios and will continue to monitor legislative developments in order to finalise the Cantor Group's operating model going forward. To date, there have been no matters that warrant adjustments to either the financial results as at 31 December 2021 and for the year then ended, or the directors' expectation of the going concern status of the Company.

COVID-19
After reviewing forecasts and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from when the financial statements are authorised for issue. The directors specifically considered the potential impact of a significant downturn in levels of revenue on profitability and regulatory capital surplus that could result from the ongoing global COVID-19 outbreak in their analysis. We expect to generate positive cash flows over the next twelve months and the Company is able to meet all its obligations as and when they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

s172(1) Statement: Directors Duty to promote the success of the Company

The directors of the Company act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member and its other stakeholders and the wider Cantor Group, as a whole, and in doing so have regard to the matters set out in s172(1) (a-f), and the directors recognise the need to review regularly the identity of its stakeholders as it makes decisions on behalf of the Company, and in particular:

The interests of the Company's staff; The Cantor Group is an organization built upon strong values and employee engagement and ownership. At its core, the Cantor Group is committed to its staff by providing an opportunity to participate in its success. Unlike many companies, most of its staff have the opportunity to be granted a partnership stake in the Cantor Group. Because of this diverse staff ownership, the Cantor Group has an entrepreneurial culture that allows it to attract and retain key staff in all of its markets. The staff are at the core of all that the Company does and set the tone for its businesses. This relationship with its people aligns its staff and management with shareholders and encourages a collaborative and entrepreneurial culture that informs every decision.

s172(1) Statement: Directors Duty to promote the success of the Company (continued)

The need to foster the Company's business relationships with suppliers, customers and others; in all of the Company's relationships, including those with the customers, suppliers, regulators, business partners, associates, directors, employees, brokers, and consultants, the directors require its staff to demonstrate a steadfast commitment to:

- integrity and fair dealing;
- creating meaningful relationships and understanding how these will need to evolve to meet changing needs
- avoidance of fraud, abuse, manipulation, concealment, or other unfair practices
- honest and ethical conduct, including the avoidance and proper handling of potential, actual, or apparent conflicts of interest between personal and professional relationships; and
- compliance with applicable governmental laws, rules, and regulations

The impact of the Company's operations on the community and the environment; as a global financial services business we have a responsibility in terms of the influence we can have on our industry, our supply chain and wider society. We take these responsibilities seriously. The directors believe in hard work, innovation, superior client service, strong ethics and governance, and equal opportunities, as well as community service and charity. They believe these values foster sustainable, profitable growth. The directors take their role in corporate social responsibility and sustainability seriously. The directors support the participation of staff in civic and, charitable activities.

Every year on September 11th, in conjunction with the Cantor Fitzgerald Relief Fund, the Cantor Group remembers its 719 friends and colleagues who were tragically killed on that day in 2001 by distributing its global revenues for that day to the Cantor Fitzgerald Relief Fund and many other charities around the world.

The desirability of the Company maintaining a reputation for high standards of business conduct; the reputation and integrity of the Cantor Group are valuable assets that are vital to the Company's success. Each director, employee, contractor and consultant of the Company is responsible for conducting the Company's business and affairs in a manner that demonstrates a commitment to the highest standards of legal compliance and business and professional ethics and integrity.

The need to act fairly as between members of the Company while the Company has two shareholders, Cantor Fitzgerald Services LLP and CF&Co LLC, the directors understand that it has a broad number of stakeholder groups which includes its valued customers and suppliers, its interactions with regulators, and the value that the Company derives from drawing on the talent of the staff of the wider Cantor Group. In making decisions, the relevance of each stakeholder group varies by reference to the issue in question which the directors consider where appropriate during its discussions and as part of its decision-making. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of our reputation for high standards of business conduct, is integral to the way the directors operate the Company.

Stakeholder interests are at the heart of our long-term strategy; the Company has addressed some of the key matters that are likely to inform its decision-making with regards to the Company's future strategy in this report and, in particular the need to implement a long-term strategy that addresses the nature and outcome of the trade deal with the European Union, which the directors continue to review and monitor closely.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's core objectives and long term strategy dictate key performance indicators ("KPIs") that the business monitors, targets and measures. These KPIs fulfil a number of roles, including:
• to give directors and senior management a means to evaluate the Company's overall performance from an operational, growth and sustainable development perspective; and
• to provide managers and their teams with clarity and focus on the areas that are critical for the successful achievement of the Company's strategy.

Gross profit from continuing operations
Aim: For the continuous improvement of the business's operational activities.

Analysis: During 2021, the Company's gross profit decreased by 22.2% when compared with 2020 (2021 gross profit: US$49,841k; 2020 gross profit: US$64,060k).

Profit before tax
Aim: To focus on maintaining profitability, through cost reduction and increasing revenues.

Analysis: The Company returned a profit before tax of US$1,098k in 2021, compared with a profit before tax of US$2,452k in 2020.

External regulatory capital requirements
Aim: To maintain a regulatory capital surplus and exceed the minimum capital ratio requirements.

The Company was in compliance with external capital requirements at 31 December 2021 and 31 December 2020. The Company maintained a strong capital surplus of US$39,227k (2020: US$42,665k) at the year end, which includes ICG, Capital planning buffer and the 2021 audited profit. Capital ratios were in excess of the minimum Pillar 1 requirements: CET1 capital ratio (must be > 4.5%) 30.8% (2020 must be > 4.5%: 34.2%), Tier 1 capital ratio (must be >6.0%) 30.8% (2020 must be >6%: 34.2%) and total capital ratio (must be > 8.0%) 30.8% (2020 must be > 8.0%: 34.2%).

Receivables overdue more than 90 days
Aim: Minimise the Company's exposure to credit risk.

Analysis: The Company experienced a decrease in receivables overdue by more than 90 days, after impairments, of US$1,782k and as at 31 December 2021 receivables after impairments totalled US$1,171k (2020: US$2,953k). These outstanding receivables were reviewed for their collectability which indicated no issues. The decrease in receivables overdue by more than 90 days, before impairments, was US$461k and as at 31 December 2021 receivables before impairments totalled US$2,587k (2020: US$3,048k).

Maximum cumulative outflow less available liquidity reserves
Aim: The Company should have an appropriate amount of liquidity reserves, to meet its obligations in normal and stressed conditions, as and when they fall due, within its appetite and tolerance for liquidity risk.

Analysis: The Company maintained a liquidity position in excess of the regulatory thresholds and within its liquidity risk appetite by having sufficient cash and liquid assets to meet both business as usual and stressed market conditions.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

These are described in notes 22 to 30 in the financial statements.

This report was approved by the board and signed on its behalf by.

Mr I. Salters
Director

Date: 27/05/2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to US$1,378k (2020 - US$1,941k).

The directors do not recommend a dividend for the year (2020: US$Nil).

The directors who served during the year were:

Mr S. Capstick
Mr R. Haley (resigned 18 March 2021)
Ms J. Hill (non-executive) (appointed 11 February 2021)
Mr M. E. Kaplan
Ms D. E. Moore (non-executive) (resigned 1 May 2021)
Mr I. Salters
Mr A. J. Simpson (non-executive) (resigned 1 May 2021)
Mr E. Villiers (non-executive) (appointed 11 February 2021)

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

During the year, the Company made charitable donations of US$163k (2020: US$158k).

The Company did not make any political contributions during the current or prior year.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations (SI 2018/1155) introduced greenhouse gas emissions reporting for large unquoted UK companies for annual periods commencing on, after, 1 April 2019.

The Company's greenhouse gas emissions and energy consumption for the year ended 31 December 2021 are:

	2021 tCO2e	2020 tCO2e
Emissions from combustion of gas and emissions from combustion of fuel for transport purposes	-	-
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	-	-
Emissions from purchased electricity (2021: 31,118 kWh / 2020: 44,426 kWh)	11	10
Total tCO2e	11	10
Intensity ratio (tCo2e per average UK employee)	0.68	0.46

The Company has disclosed the energy consumption relating to its UK employees. This is principally the consumption of electricity in its London offices. The responsibility for consumption of energy, and reporting the related SECR disclosures of the Company's service providers lies with those service entities including CFS LLP and Tower Bridge International Services L.P ("TBISLP").

The data has been calculated using the actual kilowatt consumption of electricity and converted into tCo2e using conversion factors provided by DEFRA.

The Company has not undertaken any measures to increase energy efficiency during the year ended 31 December 2021 as it considers its staff to be low energy users.

MATTERS COVERED IN THE STRATEGIC REPORT

An indication of the likely future developments of the Company, along with information pertaining to the branches of the Company outside of the United Kingdom, have both been discussed in the Company Strategic Report.

GOING CONCERN

The Company's business activities, together with factors likely to affect its future development and position, are set out in the Strategic Report on pages 1 - 6. In addition, notes 22 - 30 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit, market, interest rate, foreign exchange, liquidity, operational, regulatory and capital risk.

The directors of the Company, having assessed the foreseeable financial position of the Company based upon the Company's future business, capital and liquidity plans, have a reasonable expectation that it has adequate resources to continue in operational existence for a period of twelve months from when the financial statements are authorised for issue. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Please see note 1.1 to the financial statements for reference to the Company's review of the current impact of COVID-19.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr I. Salters
Director

Date: 27/05/2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the requirements of the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section10 of FRS102 Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- in respect of the Company's financial statements, state whether applicable UK Accounting Standards including FRS102 in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTOR FITZGERALD EUROPE

Opinion

We have audited the financial statements of Cantor Fitzgerald Europe for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 35, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTOR FITZGERALD EUROPE

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTOR FITZGERALD EUROPE

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, Financial Services and Market Act 2000, Financial Reporting Standard 102, tax legislation (governed by HM Revenue and Customs) and the rules and regulations of the Company's primary regulator, the Financial Conduct Authority (FCA).

• We understood how the Company is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and its regulatory bodies, reviewed minutes of the Board and the Audit committees, made enquiries of the management for their awareness of any non-compliance with laws and regulations and gained an understanding of the Company's approach to governance through the review of the Board's approval of the risk management framework and the internal controls processes.

• We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and designating management override and revenue recognition outside the normal course of business to be fraud risks. We considered the controls that the Company has established to address these identified risks, or that otherwise seek to prevent, deter or detect fraud.

• Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of executive management and those responsible for legal and compliance matters and journal entry testing. We corroborated our enquiries through review of Board minutes, policies and correspondence with relevant regulatory authorities.

• The Company is a regulated entity under the supervision of the FCA. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTOR FITZGERALD EUROPE

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Wallace (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

25 Churchill Place
Canary Wharf
London
E14 5EY

27th May 2022

CANTOR FITZGERALD EUROPE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US$000	2020 US$000
Turnover	2	80,369	97,059
Cost of sales		(30,528)	(32,999)
Gross profit		49,841	64,060
Administrative expenses		(46,990)	(59,226)
Operating profit	5	2,851	4,834
Interest receivable and similar income	9	326	556
Interest payable and similar charges	10	(2,079)	(2,938)
Profit on ordinary activities before taxation		1,098	2,452
Taxation on profit on ordinary activities	11	280	(511)
Total comprehensive income for the year		1,378	1,941

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

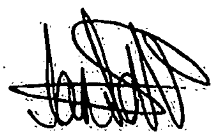
The notes on pages 18 to 57 form part of these financial statements.

CANTOR FITZGERALD EUROPE
REGISTERED NUMBER: 02505767

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 US$000		2020 US$000
Current assets					
Debtors: amounts falling due within one year	13	334,303		252,580	
Current asset investments	14	539,744		242,485	
Cash at bank and in hand	15	91,905		43,653	
		965,952		538,718	
Creditors: amounts falling due within one year	16	(865,208)		(438,356)	
Net current assets			100,744		100,362
Total assets less current liabilities			100,744		100,362
Provisions for liabilities	17	(155)		(1,151)	
			(155)		(1,151)
Net assets			100,589		99,211
Capital and reserves					
Called up share capital	19		101,237		101,237
Profit and loss account			(648)		(2,026)
Shareholders' funds			100,589		99,211

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr I. Salters
Director

Date: 27/05/2022

The notes on pages 18 to 57 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Shareholders' funds
	US$000	US$000	US$000
At 1 January 2021	101,237	(2,026)	99,211
Total comprehensive income for the year	-	1,378	1,378
At 31 December 2021	101,237	(648)	100,589

The notes on pages 18 to 57 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Shareholders' funds
	US$000	US$000	US$000
At 1 January 2020	101,237	(3,967)	97,270
Total comprehensive income for the year	-	1,941	1,941
At 31 December 2020	101,237	(2,026)	99,211

1. ACCOUNTING POLICIES

The financial statements have been prepared in compliance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102') and with the Companies Act 2006.

The principal accounting policies for the Company are summarised below. They have all been applied consistently throughout the year and preceding year.

1.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis under the historical cost convention, as modified by the inclusion of financial instruments which are held at fair value. The financial statements are presented in US dollars and are rounded to the nearest US$'000.

To assess the possible impact of the COVID-19 pandemic on the Company's financial, liquidity and capital positions, a going concern assessment on the Company has been performed which included stress testing of the 12 month forecast under stressed scenarios and observing the impact on the Company. This included stressing the revenue, expenses and regulatory capital for a significant downturn in activity levels. Based on the assessment performed, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of twelve months from when the financial statements are authorised for issue. Whilst there remains significant uncertainty regarding the future development of the pandemic and the timing and size of the future economic recovery, this does not impact the Company's ability to continue as a going concern and hence the financial statements have been prepared on this basis.

1.2 *Cash flow exemption*

As a qualifying entity under FRS 102, the Company has taken advantage of the exemption in FRS 102 section 1.11-1.12 from preparing a cash flow statement. The Company is able to apply this exemption as its immediate parent CFS LLP, prepares publicly available consolidated financial statements (see note 34) which include a cash flow statement.

1.3 Foreign currencies

The Company's functional currency is US Dollars as this is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded at the month end exchange rate for the month that the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are recognised in the profit and loss account.

The balance sheet conversion rate used to convert GBP to USD at 31 December 2021 was 1.354 (2020: 1.367) and the rate used to convert EUR to USD was 1.137 (2020: 1.224).

1.4 Segmental reporting

The Company has not presented segmental information per business line, as in the opinion of the directors, it would be seriously prejudicial to the interests of the Company to do so. The Company has however disclosed its geographical segmental information (see note 4).

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable economic benefits will flow to the Company and that the amount of revenue can be measured reliably.

Trading and brokerage income
Trading income comprises unrealised and realised gains and losses on financial instruments measured at fair value through profit and loss.

Brokerage income consists of fees and commissions earned from the rendering of brokerage services in equities, fixed income, CFDs/Equity Swaps and other derivatives. Revenue is shown net of any related dealing and commission expense and is exclusive of value added tax.

All trading and brokerage income is recognised on a trade date basis. Balance sheet assets and liabilities for regular way purchase/sales of financial instruments held for trading are recorded on a settlement date basis. All such financial instruments are classified as fair value through the profit and loss account. Any change in fair value between trade date and settlement date is accrued so there is no timing difference in the recognition of gains and losses.

Investment banking advisory income
Investment banking advisory income comprises revenue earned from the rendering of advisory services to clients in respect of specific transaction related services and retainers and general advice.

Revenue from transaction related advisory services, such as acquisitions or disposals, is recognised on execution of a sale and purchase agreement ("SPA") and when all material conditions precedent to the SPA have been satisfied. Once these criteria are met the underlying transaction is considered probable to complete and there is no significant risk of subsequent reversal.

Revenue from retainers and general advice are recognised over the period the advisory service is performed.

Research services and provision of services to other Cantor Group entities
The Company earns fees for the provision of financial market research to clients. Revenue is recognised over the period the research service is provided to the customer.

Fees from other Cantor Group entities include fees charged for securities clearing and business introductory services. Revenue is recognised when the service has been performed.

1.6 Cost of sales

Cost of sales includes all expenses which are directly attributable to the activity of generating revenue such as the cost of the Company's employees and commissions, sales and promotion, communications and other trade related charges.

1.7 Operating leases

Rental expenses and lease incentives are recognised in the profit and loss account on a straight line basis over the lease term.

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Retirement benefit costs

The Company operates a defined contribution scheme for its employees. Contributions are charged to the profit and loss account as they are incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.9 Interest income and expense

Interest income and expense are recognised in the profit or loss account using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

1.10 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between the Company's taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.12 Cash at bank and in hand

Cash comprises cash at bank, in hand, and client monies held by the Company. Any overdrawn accounts are classified as creditors falling due within one year.

Segregated cash is set aside and held under FCA client asset rules for clients to whom it is due. Client monies held on behalf of clients by the Company are included within cash on the balance sheet and the corresponding liability to clients is included in trade creditors. The return received on holding client money is included within interest receivable.

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Financial instruments

The Company applies the recognition and measurement provisions of IAS 39 – 'Financial Instruments: Recognition and Measurement' (as adopted for use in the EU), as permitted by FRS 102, to account for all of its financial instruments.

Recognition
The Company determines the classification of its financial instruments at initial recognition depending upon the purpose for which the financial instruments were acquired and their characteristics, in accordance with the categories outlined below. When financial instruments are recognised initially, they are measured at fair value.

The Company applies settlement date accounting for the recognition of regular way purchase/sales of financial instruments held for trading.

i) Financial instruments at amortised cost
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include amounts due from customers on pending trades and other positions (disclosed within trade debtors), other debtors and amounts owed by subsidiaries and affiliates. These amounts are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash flows deriving from the continued use of that asset, and discounted if the effect is material.

Financial liabilities measured at amortised cost
This category of financial liabilities includes amounts due to customers on pending trades and other positions (disclosed within trade creditors), other creditors and amounts owed to parent undertakings, subsidiaries and affiliates. These amounts are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

ii) Financial instruments at fair value through the profit and loss
Financial instruments classified as held for trading, or designated as such on inception, are included in this category and this is principally the Company's long and short inventory positions. Financial instruments are classified as held for trading if they are acquired for the purpose of reselling. All derivative financial instruments are measured at fair value through profit and loss. The financial instruments are initially recognised at fair value on the date on which a contract is entered into. They are subsequently carried in the balance sheet at fair value, with gains or losses recognised in the profit and loss account.

Securities borrowing, securities lending and, repurchase and reverse purchase agreements
Cash balances and accrued interest arising under repurchase agreements and securities lending arrangements are recorded as liabilities and the related securities, where owned by the Company, continue to be recognised in the financial statements at fair value.

Cash balances and accrued interest arising under resale agreements and securities borrowing arrangements are recorded as debtors and the related securities are not recognised in the financial statements.

Derecognition
As mentioned above, the Company applies settlement date accounting for the recognition of regular way purchase/sales of financial instruments held for trading. Financial instruments classified as amortised cost continue to be recognised on a trade date basis.

1. ACCOUNTING POLICIES (CONTINUED)

A financial asset is considered for derecognition when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred. The Company derecognises a financial asset when it transfers substantially all the risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

Impairment of financial assets not held at fair value through profit or loss
The Company assesses, at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date. In addition, evidence of impairment requires that loss event to have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks to the specific asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the profit and loss account.

Determination of fair value
Fair value is determined by reference to third party market values and inputs where available. Closing market prices are used for long positions and for short positions.

Where there is no underlying active market, the fair value is determined using proprietary pricing models which apply appropriate valuation techniques and consider the impact of post period end settlement prices.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts in all circumstances and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

The Company enters into master netting agreements with counterparties whenever possible and, when appropriate, obtains collateral. Master netting agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts will be settled on a net basis.

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Equity compensation

From time to time, CFLP awards certain employees of the Company grant units in CFLP. Grant units entitle the employees to participate in quarterly distributions of CFLP's income and to receive certain post-termination payments.

Adjustments are made to the fair value of all awards outstanding at the accounting reference date to account for the likelihood that the grant unit holder will fulfil the vesting conditions. Grant units awarded generally vest over a three to four year period. The awards are cash settled.

An expense has been recognised in the profit and loss account based on the adjusted fair value with a corresponding increase in the Company's intercompany liability to CFLP as the Company reimburses CFLP for the costs associated with the issuance of the awards.

1.15 Provisions

Provisions are recognised when the Company has a present obligation; legal or constructive, arising from a past event that is measurable and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and they are discounted to present value where the effect is material.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

1.16 Employee forgivable loans

Forgivable loans are granted to employees on a discretionary basis and are subject to certain vesting conditions, such that when an employee has fulfilled a contractual service period, the loans are forgiven. Compensation expenses related to the forgivable loans are amortised over the contractual service period. The Company reviews the loan balances at each reporting period for collectability. If the Company determines that the collectability of a loan is not expected, the Company recognises a provision against the loan balance.

1. ACCOUNTING POLICIES (CONTINUED)

1.17 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Provisions
Provisions established by the Company are based on management's assessment of relevant information and advice available at the time of preparing the financial statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount provided will impact profit or loss in the period the outcome is determined.

Impairment of financial assets not held at fair value through profit or loss
The Company assesses, at each balance sheet date, whether there is objective evidence that an asset is impaired. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more loss events and that loss event has had an impact on the estimated future cash flows of the financial asset. The estimation of future cash flows requires management to make judgements and assumptions which impact the recoverable amount of the asset being assessed.

Deferred tax assets
Assets are recognised based on the best estimate of future profitability. Assessing the profitability and sufficiency of future taxable profits, future reversal of existing taxable temporary difference and ongoing tax planning strategy depend on judgements.

Bonus accruals
Management make provisions based on the best estimate of expected discretionary bonus payments that may be incurred.

Parent LLP recharge
The Company incurs an expense recharged from the Parent LLP for providing the services of its staff, members and board to the Company. The recharge is based upon an estimate of the contribution of each of the Parent LLP's divisions towards the generation of the Company's revenue.

2. TURNOVER

The Company's turnover is derived from trading and brokerage services in equities, fixed income securities, CFDs/Equity Swaps and other derivatives. The Company also earns fee income from investment banking advisory transactions, the provision of research services and the provision of services to other Cantor Group entities. Revenue is shown net of any related dealing and commission expense and is exclusive of value added tax.

3. TURNOVER ANALYSIS

Turnover includes commission and fee income of US$64,803k (2020: US$64,937k) and fees from group undertakings of US$4,362k (2020: US$4,188k). The remaining turnover relates to net gains from financial assets and liabilities at fair value through profit and loss US$11,204k (2020: US$27,934k).

4. GEOGRAPHICAL SEGMENTAL ANALYSIS

The following disclosures are made in accordance with the Capital Requirements Directive IV ("CRD IV") Country by Country Reporting ("CBCR") framework:

	2021 US$000	2020 US$000
Turnover		
United Kingdom	75,711	94,339
Israel	2,246	1,355
UAE - Dubai	2,412	1,365
	80,369	97,059

	2021 US$000	2020 US$000
Profit before tax		
United Kingdom	(352)	2,814
Israel	724	(371)
UAE - Dubai	726	9
	1,098	2,452

	2021 US$000	2020 US$000
Taxation on loss (excluding deferred tax)		
United Kingdom	(214)	(511)
	(214)	(511)

Refer to note 11 for further details regarding taxation.

	2021 No.	2020 No.
Average number of employees		
United Kingdom	18	28
Israel	1	2
UAE - Dubai	2	2
	21	32

Changes in staff numbers are discussed in note 7.

Public subsidies received

The Company did not receive any public subsidies during the current and prior year.

5. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2021 US$000	2020 US$000
Foreign exchange loss/(gain)	(200)	236
Rent payable under operating leases	1,148	1,108

6. AUDITOR'S REMUNERATION

	2021 US$000	2020 US$000
Audit of the financial statements	230	230
Other audit related assurance services	116	116
	346	346

The auditor's remuneration is borne by an associated group entity, of which the Company was subsequently recharged US$408k (2020: US$419k) and which includes the above audit and assurance related fees and a portion of the Group's costs incurred in its reporting as related to the Company.

7. STAFF COSTS

Staff costs were as follows:

	2021 US$000	2020 US$000
Wages and salaries	15,494	17,736
Social security costs	1,224	2,025
Cost of defined contribution scheme	130	133
	16,848	19,894

There were no outstanding contributions payable to the defined contribution scheme by the Company as at 31 December 2021 and 31 December 2020.

During the year, the Company was charged a service fee of US$25,868k (2020: US$38,780k) by the Parent LLP.

STAFF COSTS (CONTINUED)

The average monthly number of employees (excluding the directors), during the year was as follows:

	2021 No.	2020 No.
Operating	21	32
	21	32

From time to time, CFLP awards certain employees of the Company grant units in CFLP.

Grant units entitle the holder to participate in quarterly distributions of income by CFLP and receive post-termination payments equal to a fixed notional value of the award in four equal installments on the first, second, third and fourth anniversaries of the employee's termination, provided that the employee has not engaged in any competitive activity with CFLP or its affiliates prior to each payment date.

The value of the grant awards is determined using a fair value model and uses the following key assumptions:

	2021	2020
Discount rate (%)	2	1
Forfeiture rate (%)	40	40
Retirement age (years)	50	49

The Company recognised in cost of sales (staff costs - wages and salaries) a total expense of US$2,080k in the year ended 31 December 2021 (2020: expense of US$2,122k) in relation to the grant units.

8. DIRECTORS' REMUNERATION

The remuneration paid to the directors of the Company comprised:

	2021 US$000	2020 US$000
Directors' aggregate remuneration	1,377	1,922
Remuneration of the highest paid director	697	559

Included in the above is US$Nil (2020: US$194k) to a director as compensation for loss of office and US$1k (2020: US$1k) of pension contributions. one director (2020: one) was a member of a defined contribution pension scheme. Additionally, see note 33 for loans to directors.

As a result of the Parent LLP adopting a partnership structure certain directors of the Company have become members of the Parent LLP. The Company pays for these director services by way of the Parent LLP service fee.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 US$000	2020 US$000
Bank and other interest receivable	326	556
	326	556

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 US$000	2020 US$000
Bank interest payable	709	885
Loans from group undertakings	-	37
Other interest payable	1,370	2,016
	2,079	2,938

11. TAXATION

	2021 US$000	2020 US$000
Current tax		
UK corporation tax on profits for the year	288	515
Adjustments in respect of previous periods	(74)	(4)
Total current tax	214	511
Deferred tax		
Origination and reversal of timing differences	(412)	-
Effect of changes in tax rates	(82)	-
Total deferred tax	(494)	-
Taxation on profit on ordinary activities	(280)	511

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 US$000	2020 US$000
Profit on ordinary activities before tax	1,098	2,452
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	208	466
Effects of:		
Expenses not deductible	183	193
Deferred tax unrecognised	-	27
Adjustment from previous periods	(74)	(4)
Losses carried forward/(utilised)	(96)	(171)
Deferred tax recognised	(419)	-
Tax rate changes	(82)	-
Total tax charge for the year	(280)	511

11. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The effective statutory corporation tax rate for the year ended 31 December 2021 is 19% (2020: 19%). Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate was enacted within Finance Act 2021.

12. DEFERRED TAX

A deferred tax asset in relation to gross timing differences of US$54,257k (2020: US$56,897k) has not been recognised, in respect of the tax losses, fixed assets and other short-term timing differences, as at 31 December 2021 due to uncertainty of profitability of the Company.

A deferred tax asset of US$494k (2020: US$Nil) was recognised on the balance sheet and credited to the statement of comprehensive income. In relation to the deferred tax asset, US$361k (2020: US$Nil) is considered non-current and to be utilised in more than one year.

	2021 US$000	2020 US$000
Deferred tax asset		
Fixed asset timing differences	177	-
Losses	257	-
Other short term timing differences	60	-
	494	-

13. DEBTORS

	2021 US$000	2020 US$000
Trade debtors	318,041	227,349
Amounts owed by group companies	4,454	2,847
Other taxes and social security	148	149
Other debtors	2,167	7,276
Prepayments and accrued income	6,373	14,125
Corporation tax recoverable	2,626	834
Deferred taxation	494	-
	334,303	252,580

In relation to the deferred tax asset, US$361k (2020: US$Nil) is considered non-current and to be utilised in more than one year.

Trade debtors are further analysed below:

	2021 US$000	2020 US$000
Mark to market on securities pending settlement	307	414
Failed trades to deliver	89,660	90,272
Securities purchased under agreements to resell with related parties	-	40,980
Stock borrows with unrelated parties	4,057	26,232
Stock borrows with group undertakings	10,725	27,556
Derivative balances	20,102	18,392
Receivables from clients, clearers, exchanges and other broker dealers	193,190	23,503
	318,041	227,349

14. CURRENT ASSET INVESTMENTS

	2021 US$000	2020 US$000
Long positions	468,761	191,496
Liquid resources	70,983	50,989
	539,744	242,485

Long positions represent the Company's trading positions and hedges for certain CFD/Equity Swap client trades. They comprise equities and fixed income securities.

Liquid resources represent the Company's positions in government securities, held for treasury and regulatory purposes.

All current asset investments are financial assets held at fair value through profit and loss.

15. CASH AT BANK AND IN HAND

Cash at bank and in hand is comprised of segregated money held on behalf of clients and non-segregated balances:

	2021 US$000	2020 US$000
Non-segregated cash at bank and in hand	91,184	43,266
Client segregated cash	721	387
	91,905	43,653

16. CREDITORS: Amounts falling due within one year

	2021 US$000	2020 US$000
Bank overdrafts	1	487
Trade creditors	730,576	240,876
Amounts owed to group undertakings	17,430	23,656
Other taxation and social security	3,727	8,587
Other creditors	179	108
Accruals and deferred income	11,773	15,488
Short positions	101,522	149,154
	865,208	438,356

Trade creditors are further analysed below:

	2021 US$000	2020 US$000
Mark to market on securities pending settlement	132	401
Failed trades to receive	139,256	73,220
Stock loans with unrelated parties	6,166	47,099
Derivative balances	27,022	21,155
Payable to customers, clearers, exchanges and other brokers	558,000	99,001
	730,576	240,876

17. PROVISIONS

	Litigation Provision US$000
At 1 January 2021	1,151
Additions during the year	2,128
Amounts charged against the provision	(3,112)
Foreign exchange translation	(12)
At 31 December 2021	155

Litigation Provision and Contingent Liabilities
From time to time the Company may become subject to various litigation, regulatory matters or employment related claims. The directors have considered any current matters pending against the Company. Where a claim is considered to be more likely than not to result in a cost to the Company, a provision has been made based on management's best estimate of the cost to the Company of settling such claims. Certain other matters may give rise to a material future outflow of economic benefit, however management consider that this is not probable and, based on the facts and circumstances, that it is not possible to reliably estimate the amounts involved.

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 US$000	2020 US$000
Within 1 year	113	35
Between 2 and 5 years	21	-
Total	134	35

The Company pays for certain office space by way of its service arrangement with TBISLP, the fees charged by this related party are disclosed in note 20. The arrangement does not create a lease relationship.

19. SHARE CAPITAL

	2021 US$000	2020 US$000
Allotted, called up and fully paid		
65,423,162 (2020 - 65,423,162) Ordinary shares of £1 each	101,237	101,237

20. RELATED PARTY TRANSACTIONS

The Company enters into service arrangements with Cantor Group entities including the BGC Partners, Inc. group ("BGC Group") and the Newmark Group, Inc group ("Newmark Group") which are partially owned by CFLP. The balances outstanding with BGC Group, Newmark Group and Cantor Group undertakings are disclosed below:

	2021 US$000	2020 US$000
Amounts due to		
Entities with control over the Company	12,339	15,335
Group undertakings	5,091	8,321
	17,430	23,656

	2021 US$000	2020 US$000
Amounts due from		
Group undertakings	4,454	2,847
	4,454	2,847

In addition to the above balances at 31 December 2021, the Company has accrued interest payable of US$5,000k (2020: US$10,000k) in relation to loans from entities with control over the Company.

During the year ended 31 December 2021 the net service arrangements expense with BGC Group entities was US$11,672k (2020: US$11,467k). Included in this fee are costs for support services provided by TBISLP, the service entity to the BGC Group and Cantor Group European entities. Also included are costs for BGC Technology Support Services Limited ("BTSSL") and BGC Technology International Limited ("BTIL") in relation to the provision of IT support services (BTSSL provide infrastructure and BTIL provide development). TBISLP, BTSSL and BTIL are all subsidiaries of the BGC European Holdings Group.

The Parent LLP has a partnership structure for its key front office professionals to align their interests with the stakeholders of the Cantor Group. The principal activity of the Parent LLP is to act as a service entity, providing the services of its staff, members and board to the Company. The Company was charged a service fee of US$25,868k (2020: US$38,780k) by the Parent LLP.

RELATED PARTY TRANSACTIONS (continued)

The Company enters into foreign exchange derivative transactions with BGC Group, Newmark Group and Cantor Group entities. The outstanding balances held with related parties comprise:

	2021 US$000	2020 US$000
Amounts due to		
Entities with control over the Company	(125)	(231)
Group undertakings	(1,238)	(1,056)
	(1,363)	(1,287)

	2021 US$000	2020 US$000
Gross contract or underlying notional amount		
Entities with control over the Company	25,071	22,766
Group undertakings	957,981	960,585
	983,052	983,351

The Company also enters into securities borrowing, lending and repurchase and reverse repurchase agreements with Cantor Group entities. At 31 December 2021 the Company had stock borrows of US$10,725k (2020: US$27,556k) with group undertakings and securities purchased under agreement to resell with group undertakings of US$Nil (2020: US$40,980k).

The directors have authority and responsibility for planning, directing and controlling the activities of the Company and are considered to be key management personnel. Their remuneration is disclosed in note 8. A forgivable loan to one of the Company directors is disclosed in note 33.

The Company earns fees from group undertakings which are disclosed in note 3.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilises the following derivative instruments for trading and economic hedging purposes:

	Gross contract or underlying notional amount US$000	Fair Value Asset US$000	Fair Value Liability US$000
2021			
CFDs/Equity Swaps	1,991,230	14,264	(21,008)
Foreign exchange derivative swaps	1,444,669	5,091	(5,244)
Foreign exchange derivative forwards	282,446	747	(770)
Total derivatives	3,718,345	20,102	(27,022)

	Gross contract or underlying notional amount US$000	Fair Value Asset US$000	Fair Value Liability US$000
2020			
CFDs/Equity Swaps	523,091	6,997	(9,126)
Foreign exchange derivative swaps	1,286,742	8,936	(9,557)
Foreign exchange derivative forwards	437,473	2,459	(2,472)
Total derivatives	2,247,306	18,392	(21,155)

Total derivative fair value asset / (liability) balances are included in trade debtors and trade creditors respectively.

22. RISK MANAGEMENT

Financial Instrument Risk Management
In the course of its business activities, the Company is exposed to a number of risks that may impact its business in various capacities as a:

- Counterparty in financial contracts;
- Holder of marketable securities;
- Advisor in capital markets; and
- Member of exchanges and clearing houses.

Risk management is the process of identifying, assessing, managing, monitoring and reporting risk. The system incorporates the identification, analysis, measurement, monitoring / recommendation, reporting and management of risks. The ability to effectively manage risk is important for ensuring that the organisation is operating in a manner consistent with its risk appetite and for meeting responsibilities to enhance value for its shareholders.

In the course of its normal business, the Company is exposed to credit risk, market risk, interest rate risk, liquidity risk, foreign exchange risk, operational risk, regulatory and capital risk.

The directors believe that culture and conduct is fundamental to how the Company embeds its controls across the range of services and activities it provides. Therefore, through processes within the above risk categories, the Company acts in the best interest to ensure they are putting the consumer and the integrity of markets at the heart of their business models, strategies and daily activities.

Risk Management Structure
The Company has adopted the 'three lines of defence' model in embedding an Enterprise Risk Management ("ERM") framework and capabilities across the organisation. The model distinguishes between functions that own and manage risks, functions overseeing risks and functions providing independent assurance.

First - The first line of defence comprises of front office staff, business management and operational management, who own the risks and controls and have responsibility and accountability for identifying, assessing, managing, monitoring and reporting risks within their sphere of responsibility.

Second - The second line of defence comprises the Risk Management and Compliance functions, who review, challenge and monitor the implementation of effective risk management practices by the first line. It also independently provides reporting and escalation of risk issues up and down the organisation.

Third - The third line of defence, Internal Audit, through a risk based approach, provides assurance to the Company's senior management and the Company's board of directors, on how effectively the Company assesses and manages its risks, including the manner in which the first and second lines of defence operate. This assurance covers all elements of the risk management framework, i.e. risk identification, risk assessment and response to escalation of risk related information.

Overall responsibility for the establishment of the risk framework and general risk appetite of the Company lies with the Company's board of directors. The board of directors sets the culture and conduct of the Company and approves the Individual Capital Adequacy Assessment Process ("ICAAP"), which will be replaced by the Internal Capital and Risk Assessment process ("ICARA") under the UK Investment Firm Prudential Regime ("IFPR") which comes into force on 1 January 2022. The Company's board approves the Company's Business Plan and reviews the Company's Individual Liquidity Adequacy Assessment ("ILAA"), also to be incorporated into the ICARA under IFPR. These documents and processes incorporate more detailed analysis of each of the risks identified and the risk management framework.

RISK MANAGEMENT (CONTINUED)

Furthermore, the Company's board of directors relies on the Risk and Oversight Committee ("ROC") and Audit Committee ("AC"), composed of Non-Executive Directors, to provide recommendations on risk appetite, tolerance and strategy.

Within the framework established by the Company's board of directors, the Company implements the principles, policies and limits of the framework and identifies its risk appetite for each risk type. The Company undertakes an annual top-down review of the highest impact key risks identified to ensure that the list of high impact risks is complete and to determine which of those risks should be subject to capital modelling. The Company is supported by a number of risk committees including the Operational Risk and Compliance Committee ("ORCC"), the Finance, Capital, Assets and Liabilities Committee ("FCALCO"), the Business Development Committee ("BDC") and the Client Engagement Committee ("CEC") in managing and monitoring the risk framework and any risk issues.

The Risk Management department designs and deploys the ERM framework across the Company. The Risk Management department maintains a register of the key risks and catalogues them by their risk categories. Day to day management of risk and its mitigation is the responsibility of business management. The Risk Management department provides an independent assessment of the Company's risks and is responsible for the challenge and review of risk assessments and for the aggregated reporting and escalation of risk issues to the directors of the Company.

Through monitoring and reporting, the Risk Management department is also responsible for ensuring the operational, credit and market risks are in line with the risk appetite. For operational risk, this is accomplished by a range of interconnecting risk and control methodologies that are embedded throughout the Company. As for credit and market risk, this is accomplished by establishing consistent credit and market risk standards, applying those standards in the assessment of counterparties and positions, adhering to delegated authority limits, and monitoring current and potential exposures after the execution of transactions.

The Risk Management department has an independent reporting line from the other business functions, and the Chief Risk Officer ("CRO") sits on the FCALCO, BDC, ORCC, and CEC. The Market and Credit Risk Management Policy and the Operational Risk Policy describe the roles and responsibilities in relation to the risk identification, assessment, management, monitoring and reporting of risks.

Business Activity Risks
The principal risk exposures arising from the Company's business activities are summarised below:

Matched Principal
Transactions where the Company acts as a matched principal and client buyer / seller anonymity is preserved. This business involves purchasing securities from one counterparty and selling to another. The Company is the buyer in one leg of the transaction and the seller on the other leg of the transaction. The principal risks affecting this business are credit, market, operational and liquidity.

Agency Give Up
Transactions where the Company acts as an arranger and the identity of the client buyer and seller counterparties is disclosed once the trade is completed. This business involves matching buyers and sellers of equity derivatives and some equities. The Company does not own the instruments at any time. The principal risks affecting this business are credit and operational.

Stock Loans and Borrows
Transactions where the Company lends equities held by the Company to counterparties or borrows equities from counterparties for trading and / or settlement facilitation purposes. The principal risks affecting this business are credit, operational and liquidity.

RISK MANAGEMENT (CONTINUED)

Cash, Client Segregated Funds and Money Market Funds
The principal risk is credit and liquidity risk due to the Company's lack of ability to recover the deposited funds if the bank where money is deposited should fail.

Market Making
The Company is a market-maker on the LSE. The Company offers other LSE members the ability to trade on its prices and as a result the Company may hold positions on its books. The principal risks affecting this business are credit, market, operational and liquidity.

Investment Banking Advisory
In this role the Company provides advice to clients on mergers and acquisitions, issuances and placements. The principal risks affecting this business are credit and operational.

Prime Brokerage
The Company offers synthetic equity financing using CFD's and Total Return Swaps to clients. The Company will always be fully hedged, The principal risk are credit, market and operational.

23. RISK MANAGEMENT - CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in potential financial loss to the Company. It arises principally from trading and treasury activities. The Company has standards, policies and procedures dedicated to controlling and monitoring risk from all such activities. Limits are in place for each counterparty.

The main credit risks taken are on CFDs/Equity Swap, stock lending, brokerage receivables and cash on deposit. The Company's matched principal business is subject to limited credit risk due to a delivery versus payment ("DVP") settlement process. DVP is defined when the payment and transfer of the subject security occur simultaneously. Settlement normally occurs within a central depository (e.g. The Depositary Trust Company, Euroclear) which mitigates the risk. The principal risks affecting this business are:

- Credit risk - The counterparty may not meet its obligation to settle outstanding principal and brokerage balances. Matched principal transactions typically settle on a DVP basis.
- Market risk - Unfavourable price movement on positions held to facilitate customer flows or unmatched positions arising from booking disputes.
- Operational risk - The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.
- Liquidity risk - The main liquidity risks this business faces are with respect to intra-day funding and the funding of failed settlements or transactions that happen to settle on different days.

Counterparty Credit Risk

Matched Principal Trading and Market Making

The credit risk exposure from these businesses arises from the risk of a counterparty defaulting and causing the transaction to fail. The exposure is not to the full notional value of the transaction that has failed but is limited to market movement on the value of the security during the period from execution until settlement. At settlement, where a counterparty has defaulted, the Company either holds the security to cover a fail-to-receive cash, or purchases the security in the market to fulfil a fail-to-deliver cash.

RISK MANAGEMENT - CREDIT RISK (CONTINUED)

Agency Give-Up Basis

The credit risk exposure from the agency give-up business arises from the risk of not being able to collect commissions that have been billed to a counterparty. There are no limits in place with respect to the maximum amount of commission that can be outstanding with a given counterparty; however, outstanding receivables are monitored and followed up on a daily basis by the brokerage receivables department, and where necessary, by the front office desks themselves.

The types of counterparties that the business transacts with are predominantly investment grade banks and established investment firms, which significantly reduces the risk of default. In the agency give-up business a significant mitigating factor, with respect to credit exposure, is the policy whereby brokers earn brokerage commissions only on amounts that have actually been collected.

Investment Banking Advisory

The credit risk exposure from the investment banking advisory business arises from the risk of not collecting deal, advisory and retainer fees that have been billed to a counterparty. There are no limits in place with respect to the maximum amount of fees that can be outstanding with a given counterparty; however, outstanding receivables are actively followed up with the counterparty. The types of counterparties that the business transacts with significantly reduces the risk of default. These counterparties are generally listed companies, subsidiaries of international businesses or companies seeking to list.

Credit Risk Concentrations

The Risk Management department undertakes credit risk stress testing on a regular basis. The credit risk stress test incorporates the impact of concentration risk and the results are used to determine the Company's own assessments of its capital adequacy under Pillar II of the Capital Requirements Directive.

Credit Risk Acceptance, Monitoring and Controlling

Trade Debtors

The credit risk arising from matched principal, agency give-up, advisory and research businesses are managed separately:

Matched Principal

The credit department obtains information to assess the credit quality of the prospective counterparty as part of the client approval process. Once the relevant information is collated and reviewed, the risk department will approve a credit risk limit.

The following credit risk maintenance procedures are carried out to monitor and control the credit risk of counterparties:

a) The latest set of audited financial statements are obtained;

b) News is reviewed on an on-going basis for any items related to the Company's existing counterparties. Relevant information is reviewed and actioned as appropriate and reported to management; and

c) The risk department has access to credit rating agencies. Information is vetted for news on counterparties and actioned as appropriate.

RISK MANAGEMENT - CREDIT RISK (CONTINUED)

The credit department produces a daily credit report, which is sent to senior management. Any counterparty limits that are exceeded are reported to management. Front office personnel may be instructed to suspend all further trading until utilisation of credit lines are within set limits. Fails to deliver / receive securities and pending trades reports are reviewed regularly by senior management.

Stock Loans and Borrows

Exposure from stock lending and borrowing is the difference between the market value of the stock borrowed or lent and the cash paid or received. Positions are marked-to-market daily, and risk lies in a default from a counterparty following an adverse move in the value of the stock. All stock loan counterparties are reviewed by the risk management department and exposure is monitored daily.

Agency Give-up, Advisory and Research

Brokerage and fee receivable balances are monitored and actively chased once past due. The Company's brokers are typically involved in pursuing past due amounts over 90 days as name give-up commission is not paid until amounts due are settled. Investment Banking Advisory balances are monitored also on a company by company basis. Aged debtor reports by entity and by broker are reviewed by senior management on a regular basis.

Prime Brokerage

All clients and counterparts are reviewed both prior and throughout for their credit quality. Exposure from CFD's / Equity Swaps to clients is firstly mitigated by the receipt of margin prior and throughout the duration of their position held with us which is set by the Risk Department based on the client and the features of the underlying asset. Additionally the difference between the market value of the underlying asset and the initial price is applied to the clients account and in addition to the margin above sets the requirement for the client. The Company has to place margin with hedge counterparts for open positions and negative mark-to-market movements but will also meet margin requirements with any positive mark-to-market.

Other Amounts Owed by Group Undertakings

Amounts advanced to fellow group entities under common ownership and control are on an arm's length basis and are settled frequently.

Cash, Client Segregated Funds and Money Market Funds

Corporate treasury, in conjunction with the risk department, considers and approves the list of credit-worthy banks. Each bank is assessed and assigned an internal rating dependent on a number of risk drivers. Additional external credit ratings are also monitored and reviewed.

Funds are only placed with an entity rated short-term above a minimum defined external and internal rating. An annual review is held to determine whether the policy remains appropriate or whether changes are required. However, monthly assessments are also conducted and changes are made on a more frequent basis if required. Credit risk is diversified by placing funds with a number of banks.

RISK MANAGEMENT - CREDIT RISK (CONTINUED)

Maximum Credit Risk Exposure

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The exposure is shown gross, before mitigation through the use of master netting and collateral arrangements (including margin).

	Gross maximum exposure 2021 US$000	Gross maximum exposure 2020 US$000
On balance sheet items		
Trade debtors	318,041	227,349
Amounts owed by group undertakings	4,454	2,847
Corporation tax recoverable	2,626	834
Other taxes and social security	148	149
Other debtors	2,167	7,276
Long positions and liquid resources	539,744	242,485
Cash at bank and in hand	91,905	43,653
	959,085	524,593

Collateral and Other Credit Enhancements

The Company holds money in non-segregated bank accounts which represent collateral held to mitigate credit risk exposure.

At 31 December 2021, the long positions and liquid resources of US$539,744k (2020: US$242,485k) include securities owned and pledged as collateral amounting to US$6,166k (2020: US$47,099k).

At 31 December 2021, securities and cash amounting to US$3,317k (2020: US$3,406k) were pledged as collateral with settlement agents, prime brokers and clearing houses.

Collateral and margin posted in relation to the Prime Brokerage business is disclosed in note 32.

Credit Quality Per Class of Financial Assets: Financial Assets Neither Past Due Nor Impaired

Trade Debtors

The material trade debtors, which mostly relate to principal trading, are amounts owing from highly rated financial institutions with very short-term exposure that further reduces the probability of default. The business normally trades flat (i.e. both sides of the trade settle simultaneously, also defined as DVP) and only takes closely monitored positions.

RISK MANAGEMENT - CREDIT RISK (CONTINUED)

Amounts Owed by Group Undertakings

Amounts owed by group undertakings primarily relates to revenue sharing and clearing execution agreements. Amounts owed by related parties are settled upon demand.

Cash at Bank and in Hand

Cash at bank and in hand consist of cash and money market fund deposits held at credit worthy financial institutions and petty cash.

Long Positions and Liquid Resources

Long positions and liquid resources represent positions held for trading and liquidity purposes, which include government and corporate bonds, CFD/Equity Swap hedges and US Treasury Bills. These positions are held with highly rated financial institutions.

Other

This consists of other debtors and taxes recoverable. Given the short term nature of these balances, the credit risk is considered low. Tax balances are due from government bodies which have minimal risk of non-receipt.

	2021 US$000	2020 US$000
Net Receivables / (Payables) - Matched Principal Ageing Analysis		
Less than 1 month	(49,662)	15,908
1 month to less than 2 months	(2)	1,150
2 months to less than 3 months	(3)	(1)
3 months and over	70	(4)
	(49,597)	17,053

Fails and pending reports are reviewed daily. Management reviews past due matched principal business receivables on a regular basis. Substantial fail to deliver transactions totalling US$92k and fail to receive transactions totalling US$27k as at the date of signing the financial statements had not yet been settled. As at the signing of the 2020 financial statements, fail to deliver transactions totalling US$103k and fail to receive transactions totalling US$86k that existed as at 31 December 2020 had not yet been settled.

RISK MANAGEMENT - CREDIT RISK (CONTINUED)

	2021 US$000	2020 US$000
Receivables - Name Give-Up Basis and Investment Banking Ageing Commissions Analysis (Net of Allowances for Credit Losses)		
Less than 1 month	2,424	4,879
1 month to less than 2 months	194	258
2 months to less than 3 months	183	393
3 months and over	1,101	2,957
	3,902	8,487

At 31 December 2021, US$1,416k (2020: US$95k) of trade debtors were considered to be impaired. During the year, an impairment of US$1,368k (2020: US$81k) was charged to the profit and loss account, US$47k (2020: US$12k) of the allowance for credit losses was reversed and US$Nil (2020: US$230k) of the allowance was utilised. Management consider financial assets to be impaired if there is objective evidence of impairment as a result of one or more loss events.

Other trade debtor balances are assessed on a case by case basis and provided for where recoverability is in question.

Other Financial Assets

No other class of financial assets were past due or impaired as at 31 December 2021 or 31 December 2020.

24. RISK MANAGEMENT - MARKET RISK

The Company classifies exposures to market risk into either trading or non-trading portfolios. The non-trading book includes all types of financial instruments entered into for funding purposes whereas the remaining financial instruments fall into the trading book category.

The market risk of the trading portfolio is managed by monitoring open position limits. Non-traded interest rate risk is immaterial and generated naturally through the raising of senior debt and subordinated loans, and by the listed investment in US Treasury Bills which are held for liquidity purposes. The foreign exchange exposure arising from revenues and expenses denominated in foreign currencies is managed and reported separately from any trading and customer activity in the non-trading book.

Trading

Position Monitoring

At the end of each day, risk management reviews positions and performs an independent mark to market. Positions and any breaches are reported to senior management. At 31 December 2021, the gross exposure to market risk arising from such positions amounted to US$10,293k (2020: US$37,637k).

Value at Risk ("VaR")

One of the principal tools used by the Company to monitor and limit market risk exposure is VaR. VaR is a tool that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The Company uses a one day time horizon and 99% confidence level.

RISK MANAGEMENT - MARKET RISK (CONTINUED)

The VaR model used by the Company is predominantly based on historical returns. Historical returns for each instrument are used to drive a monte carlo simulation with 5,000 iterations; in each iteration the profit and loss of each position is simulated to derive a profit and loss for the overall portfolio.

Although a valuable guide, VaR should always be viewed in the context of its limitations. For example:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those that are extreme in nature;
- The use of a 1 day holding period assumes that all positions can be liquidated or hedged in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a 1 day holding period may be insufficient to liquidate or hedge all positions fully;
- The use of a 99% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence; and
- VaR is calculated on the basis of exposures outstanding at the close of business and does not necessarily reflect intra-day exposures.

The value at risk for the trading portfolio was as follows:

	2021 US$000	2020 US$000
Value at Risk for the year ended 31 December		
Average	459	421
Minimum	232	136
Maximum	712	708
Standard deviation	116	114
At 31 December	250	507

25. RISK MANAGEMENT - INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Interest rate risk arises from repricing periods for cash at bank and in hand, securities borrowing & lending, listed investments in US Treasury Bills, overdrafts and other financial assets and liabilities as per below. The interest rate risk repricing profile of the Company's financial assets and liabilities as at the balance sheet date was as follows:

	Less than 1 year US$000	Non-interest bearing US$000	Total US$000
2021			
Cash at bank and in hand	91,905	-	91,905
Securities borrowed with related parties	10,725	-	10,725
Securities borrowed with unrelated parties	4,057	-	4,057
US treasury bills	70,983	-	70,983
Bank overdrafts	(1)	-	(1)
Securities loaned	(6,166)	-	(6,166)
Other financial assets and liabilities	-	(76,673)	(76,673)
	171,503	(76,673)	94,830

	Less than 1 year US$000	Non-interest bearing US$000	Total US$000
2020			
Cash at bank and in hand	43,653	-	43,653
Securities purchased under agreements to resell	40,980	-	40,980
Securities borrowed with related parties	27,556	-	27,556
Securities borrowed with unrelated parties	26,232	-	26,232
US treasury bills	50,989	-	50,989
Bank overdrafts	(487)	-	(487)
Securities loaned	(47,099)	-	(47,099)
Other financial assets and liabilities	-	(47,983)	(47,983)
	141,824	(47,983)	93,841

Other financial assets and liabilities include trade and other debtors and creditors, non interest bearing long and short inventory, accruals and amounts owed to / from group undertakings.

The Company estimates that a 1% hypothetical adverse movement in interest rates, for the full financial year, would have resulted in a decrease (2020: decrease) in the profit before tax for the year and decrease (2020: decrease) in equity of US$648k (2020: US$675k).

26. RISK MANAGEMENT - LIQUIDITY RISK

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due. A lack of liquidity could stop or materially hinder the operations of the business or create an adverse reputational impact.

To mitigate this risk, the Company's liquidity risk is managed through two complementary models, the Maximum Cumulative Outflows ("MCO") versus Liquidity Reserves ("LR") (collectively known as "MCO LR") and the Net Cash Capital ("NCC"). The MCO seeks to ensure that the Company has adequate access to liquidity to meet both business as usual requirements and potential stress events that may reasonably be expected to occur. It quantifies the cumulative worst case potential liquidity outflows ("MCO") that could occur during prolonged periods of stress. As such the model calculates the liquidity reserves ("LR") that would be needed to meet these potential outflows. The Company seeks to maintain available liquidity that is greater than the total potential cash outflows that could occur during a period of stress (that is the LR > MCO). The Company holds liquidity reserves invested in a diverse range of liquid assets in multiple currencies which include US treasury bills, money market mutual funds, and ring fenced bank deposits.

The NCC model seeks to ensure that the Company has sufficient long dated funding, known as cash capital, to fund illiquid assets, the haircut portion of financeable assets and all potential stressed liquidity outflows. Additionally non segregated cash, qualifying as good cash capital, is used to finance margin requirements against a client's own position and is included in the NCC model as a cash capital source.

The two models work in a complementary fashion to allow the Company to survive a prolonged liquidity stress period. The MCO LR ensures adequate access to available liquidity, while the NCC ensures adequate long dated sources of funding in the context of the Company's asset base and potential stress outflows.

RISK MANAGEMENT - LIQUIDITY RISK (CONTINUED)

Liquidity Risk Maturity Table

The following table details the Company's contractual maturity for its financial liabilities. The table has been prepared on the basis of undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows for financial instruments:

	Less than 1 year US$000	Total US$000
2021		
Bank loans and overdrafts	1	1
Trade creditors	730,576	730,576
Amounts owed to group undertakings	17,430	17,430
Other creditors	179	179
Accruals	11,773	11,773
Short positions	101,522	101,522
	861,481	861,481

	Less than 1 year US$000	Total US$000
2020		
Bank loans and overdrafts	487	487
Trade creditors	240,876	240,876
Amounts owed to group undertakings	23,656	23,656
Other creditors	108	108
Accruals	15,488	15,488
Short positions	149,154	149,154
	429,769	429,769

27. RISK MANAGEMENT - FOREIGN EXCHANGE RISK

The Company is exposed to risks associated with changes in foreign exchange rates. The Company's operations generate a portion of its revenues and expenses in Sterling and Euros. Changes in the translation of the Company's net assets are recorded as part of its results of operations and fluctuate with changes in exchange rates.

Taking the Sterling denominated balance sheet as at 31 December 2021, if Sterling was to strengthen by 10% against the US Dollar with all other variables held constant, the profit before tax for the year and equity would be favourably affected by US$1,322k (2020: unfavourably affected by US$5,681k).

Taking the Euro denominated balance sheet as at 31 December 2021, if the Euro was to strengthen 10% against the US Dollar with all other variables held constant, the profit before tax for the year and equity would be unfavourably affected by US$320k (2020: favourably affected by US$1,375k).

28. RISK MANAGEMENT - OPERATIONAL RISK

Operational risk refers to the risk of loss arising from failed or inadequate processes, people, systems and / or external events. Therefore, operational risk is inherent to the Company's daily activity and business continuance.

Operational risk is identified, assessed, managed, monitored and reported ("IAMMR") via several differed processes. For example:

Risk and Control Self-Assessment ("RCSA") - The RCSA process is the Company's approach for ensuring that effective risk mitigation activities are in place for all key operational risks. The process is based on an annual assessment (with a mid-year refresh), conducted by divisional experts who assess risks and their related controls in order to arrive at an estimation of the residual risk.

Key Risk Indicators ("KRIs") - KRI's are metrics used by the Company to provide an early indication of increasing risk exposures in various areas of the Business. KRI's are reported as part of the periodic management reporting to the ORCC and the Board.

Risk Events - Risk events focuses on the IAMMR of internal operational risk events and analysis and reporting of external operational risk events.

Operational Risk Scenario Analysis - The Operational Risk Scenario Analysis process is designed to enable management to understand potential high impact, low probability risks in greater detail and to be better placed to prevent, detect and manage these risks. Once the key risks are identified, workshops are conducted to build scenarios which explore what else could go wrong and how management would respond to these events. Scenarios may combine two or more key risks in order to assess the aggregated impact of different risks taking place at the same time.

New Products / Business Approval Process - This process is under the responsibility of the BDC. The committee is responsible for all matters related to "new business". This includes new products, services, geographical locations, distribution channels, plans for material growth in existing activities (either organically or through acquisition) and any material changes to existing business. The committee shall also consider reputational and conduct risk attached to any new business line or product.

In the event that a new product or business is identified and raised with the committee, a working group, comprising members from the various control and executive functions, will be formed to manage the request.

29. RISK MANAGEMENT - REGULATORY ENVIRONMENT RISK

The Company operates in a highly regulated industry. The Company is regulated by the Financial Conduct Authority ("FCA") and is authorised to conduct investment business in the UK under the Financial Services and Markets Act 2000 ("FSMA"). The Company's Dubai branch is registered with the Dubai International Financial Centre and is authorised by the Dubai Financial Services Authority (DFSA) to advise on financial products and arrange deals in investments. The Company must also comply with UK and Israeli legislation and taxation authority requirements in respect of certain direct, indirect and employment taxes.

Changes in the regulatory framework such as IFPR as well as the UK's recent Brexit may have some impact on the financial performance of the business and are closely monitored by the Company, including any regulatory risks. The implementation of EMIR has resulted in greater reporting of information in relation to business activities. The Board monitor these developments through its various functions, including the ORCC, to ensure management action is taken in response to regulatory developments and any risks associated with non-compliance are closely monitored.

The Company has no tolerance for knowing and deliberate breaches of applicable laws, regulatory requirements or corporate policies. The Company accepts that unintentional or inadvertent breaches may occur from time to time and it is not possible to eliminate all instances of breaches. The Company expects internal systems and controls (including training of staff and documentation of policies and procedures) to be designed and implemented with the aim of detecting, preventing and therefore minimising (both in terms of frequency and impact) the occurrence of breaches. The Company has negligible tolerance for repeated breaches which are based on materially similar fact patterns. The Board expects to be notified of any breaches, or if there is any material/elevated risk in this regard.

Furthermore, the Company expects that monitoring, surveillance and self-reporting will promptly identify issues which may have regulatory consequences. Where material exceptions are identified, the Board expects to be informed of the issue and any remediation actions to be taken on a timely basis. The Board will ensure that the remedial action taken is appropriate so that the issues highlighted are satisfactorily addressed. Where necessary this will involve adjusting the internal control framework so that it is kept in line with the regulatory risk profile. The Company is only prepared to conduct business in jurisdictions within which it has obtained the necessary regulatory approvals.

30. RISK MANAGEMENT - CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is required to maintain a minimum capital base to comply with FCA requirements.

Objectives, Policies and Processes for Managing Capital

The primary objectives of the Company's capital risk management policy are to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity balances, and also to ensure that the Company complies with externally imposed capital requirements. The capital structure consists of called up share capital, retained earnings of the Company, and debt, including the borrowings.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue share capital and / or subordinated debt.

CFLP, the ultimate parent entity registered in the United States of America, could make capital available to the Company in the event of a liquidity crisis or sudden large losses, although it does not provide guarantees that capital will be provided in such a scenario.

Formal capital applications are made to CFLP for all new capital. These applications include:

- Rationale for the proposal; and
- Business plan

The shareholders' funds of the Company is as follows:

	2021 US$000	2020 US$000
Shareholders' funds	100,589	99,211
	100,589	99,211

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes from similar instruments.

The carrying amounts and corresponding fair values of financial assets and financial liabilities in the financial statements are designated into the categories below. The carrying amount and fair values are not considered to be materiality different.

The derivatives receivable / payable amounts shown at fair value through profit and loss are shown gross of margin.

	Carrying Amounts 2021 US$000	Fair Values 2021 US$000	Carrying Amounts 2020 US$000	Fair Values 2020 US$000
Financial assets				
Trade debtors	318,041	318,041	227,349	227,349
Amounts owed by group undertakings	4,454	4,454	2,847	2,847
Other debtors	2,167	2,167	7,276	7,276
Long positions and liquid resources	539,744	539,744	242,485	242,485
	864,406	864,406	479,957	479,957

	Carrying Amounts 2021 US$000	Fair Values 2021 US$000	Carrying Amounts 2020 US$000	Fair Values 2020 US$000
Financial liabilities				
Bank loans and overdrafts	1	1	487	487
Trade creditors	730,576	730,576	240,876	240,876
Amounts owed to group undertakings	17,430	17,430	23,656	23,656
Other creditors	179	179	108	108
Accruals	11,773	11,773	15,488	15,488
Short positions	101,522	101,522	149,154	149,154
	861,481	861,481	429,769	429,769

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assumptions Used in Determining Fair Value of Financial Assets and Financial Liabilities

Trade debtors and trade creditors

Trade debtors and trade creditors are measured at amortised cost, with the exception of derivatives which are measured at fair value through profit or loss.

These derivatives are designated as held for trading and are measured at fair value.

Amounts owed by / to group undertakings

Amounts receivable and payable from / to group undertakings are settled upon demand and are measured at amortised cost. The fair value of these balances approximates the carrying value as these amounts may be called upon shortly after the balance sheet date.

Positions and liquid resources

Positions are held for trading and liquidity purposes, which include government and corporate bonds, listed equities, non-derivative CFD/Equity Swap hedges, and US Treasury Bills. Positions are measured at fair value through the profit and loss account.

Other and accruals

Other includes debtors / creditors, accruals, bank loans and overdrafts. Given the short term nature of these balances, the carrying value is not considered to be materially different from the fair value.

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value of Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable marketable data.

The following table shows an analysis of the financial instruments recorded at fair value shown in accordance with the hierarchy above:

31 December 2021

	Level 1 US$000	Level 2 US$000	Total US$000
Financial assets			
Foreign exchange derivative forwards	-	747	747
Foreign exchange derivative swaps	-	5,091	5,091
Derivative CFDs/Equity Swaps	-	14,264	14,264
Long positions and liquid resources	539,744	-	539,744
	539,744	20,102	559,846

	Level 1 US$000	Level 2 US$000	Total US$000
Financial liabilities			
Foreign exchange derivative forwards	-	770	770
Foreign exchange derivative swaps	-	5,244	5,244
Derivative CFDs/Equity Swaps	-	21,008	21,008
Short positions	101,522	-	101,522
	101,522	27,022	128,544

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2020

	Level 1 US$000	Level 2 US$000	Total US$000
Financial assets			
Foreign exchange derivative forwards	-	2,459	2,459
Foreign exchange derivative swaps	-	8,936	8,936
Derivative CFDs/Equity Swaps	-	6,997	6,997
Long positions and liquid resources	242,485	-	242,485
	242,485	18,392	260,877

	Level 1 US$000	Level 2 US$000	Total US$000
Financial liabilities			
Foreign exchange derivative forwards	-	2,472	2,472
Foreign exchange derivative swaps	-	9,557	9,557
Derivative CFDs/Equity Swaps	-	9,126	9,126
Short positions	149,154	-	149,154
	149,154	21,155	170,309

The Company holds some delisted equities which are Level 3 financial instruments however these are determined to have a fair value of US$Nil (2020: US$Nil).

The following is a description of how the fair value of financial instruments is determined. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

Long positions, liquid resources and short positions are valued based on quoted market prices in active markets and are therefore classified within Level 1.

Derivative CFD and Equity Swaps are over the counter derivatives priced using a valuation comprising of observable data which tracks the performance of the underlying listed financial instrument.

The foreign currency forwards and swaps are derivative financial instruments valued using a valuation technique with market observable inputs. The valuation technique uses forward pricing and swap models applying present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

32. *OFFSETTING FINANCIAL INSTRUMENTS*

To reduce credit exposures on derivatives and securities financing transactions, the Company may enter into International Swaps and Derivative Association, Inc. ("ISDA") master netting agreements or similar arrangements (collectively, "netting agreements") with counterparties that permit it to offset receivables and payables with such counterparties. A netting agreement is a contract with a counterparty that permits net settlement of multiple transactions with that counterparty, including upon the exercise of termination rights by a non-defaulting party. Upon exercise of such termination rights, all transactions governed by the netting agreement are terminated and a net settlement amount is calculated. In addition, the firm receives and posts cash collateral with respect to its derivatives and securities financing transactions, subject to the terms of the related credit support agreements or similar arrangements (collectively, "credit support agreements"). An enforceable credit support agreement grants the non-defaulting party exercising termination rights the right to liquidate the collateral and apply the proceeds to any amounts owed. In order to assess enforceability of the firm's right of setoff under netting and credit support agreements, the firm evaluates various factors, including applicable bankruptcy laws, local statutes and regulatory provisions in the jurisdiction of the parties to the agreement.

CFD/Equity Swap derivatives are reported on a net-by-counterparty basis (i.e. the net payable or receivable for derivative assets and liabilities for a given counterparty) in the balance sheet when a legal right of setoff exists under an enforceable netting agreement. Foreign exchange derivative swaps and forwards are reported gross by trade. Securities sold under agreements to repurchase ("repurchase agreements") and securities borrowed and loaned transactions are presented gross by transaction. In the balance sheet, derivatives are reported gross of cash collateral received and posted under enforceable credit support agreements, when transacted under an enforceable netting agreement. In the balance sheet, repurchase agreements, and securities borrowed and loaned, are reported gross of the related cash and securities received or posted as collateral.

The following CFD/Equity Swap derivative assets and liabilities are subject to offsetting:

	Gross amounts US$000	Netting in balance sheet US$000	Net amounts in balance sheet US$000	Collateral received US$000	Collateral pledged US$000
As at 31 December 2021					
Financial assets					
Derivative CFD/ Equity Swaps	56,949	(42,685)	14,264	181,171	(128,706)
Financial liabilities					
Derivative CFD/Equity Swaps	(63,693)	42,685	(21,008)	372,311	-
Total	(6,744)	-	(6,744)	553,482	(128,706)

	Gross amounts US$000	Netting in balance sheet US$000	Net amounts in balance sheet US$000	Collateral received US$000	Collateral pledged US$000
As at 31 December 2020					
Financial assets					
Derivative CFD/Equity Swaps	18,243	(11,247)	6,997	87,130	(13,179)
Financial liabilities					
Derivative CFD/Equity Swaps	(20,372)	11,247	(9,126)	16,705	(12,211)
Total	(2,129)	-	(2,129)	103,835	(25,390)

Collateral represents cash collateral pledged by the Company with hedge counterparts or received from customers as margin in relation to CFD/Equity Swap derivative transactions. At 31 December 2021, the Company has received US$555,192k (2020: US$103,835k) of cash collateral from customers and is held in Company non-segregated bank accounts. At 31 December 2021, the Company has posted US$128,706k (2020: US$25,390k) of cash as margin with hedge counterparts, this is recorded in trade debtors.

Collateral on securities financing transactions is disclosed in note 23 Risk Management – Credit Risk.

33. DIRECTORS' LOANS

At 31 December 2021, a director had forgivable loans of US$386k (2020: US$342k) outstanding and is included in other debtors. The amount advanced to the director, net of taxes witheheld, is US$181k (2020: US$181k). One of the loans, US$339k, is over a three year period and forgiveness is conditional on certain revenue targets being met. The other loan of US$47k, advanced in the year, was forgiven in February 2022. No amount of the loans have been repaid, impaired and the loans are interest free.

34. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The registered office of the Company is 5 Churchill Place, Canary Wharf, London E14 5HU. The Company is incorporated and registered in England and Wales. The immediate parent is CFS LLP, registered at 5 Churchill Place, Canary Wharf, London E14 5HU. CFS LLP is a limited liability partnership registered in England and Wales. The smallest group into which the results are consolidated into is CFS LLP, for which financial statements are publicly available.

The ultimate parent, controlling entity and largest group that the results of the Company are consolidated into is CFLP, a limited partnership registered at 499 Park Avenue, New York, United States of America. The financial statements are not publicly available for CFLP.

35. POST BALANCE SHEET EVENTS

On 24 February 2022 Russia invaded Ukraine. In response to the war the US, UK and EU all introduced sanction regimes impacting a large number of Russian entities and individuals and these evolve on a daily basis.

The Company has no significant exposure to Russia or Ukraine and no impairments or provisions have been recorded in these financial statements.