Registered number 5021789

ODL Group Limited

Report and Financial Statements

31 December 2012

Contents

Directors
B Callan
L Naldini
D Niv
G G Wellesley

Secretary
J Velez

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The Royal Bank of Scotland
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Directors' report

The directors have pleasure in presenting their report and the audited financial statements of ODL Group Limited ("the Company") for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

ODL Group Limited acts as a non-trading holding company for its operating entity FXCM Securities Limited which is regulated by the Financial Services Authority

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 7 The Company's profit for the year after taxation amounted to £571,709 (2011 (£32,760))

On 1 October 2012 the Company made a distribution in kind to the value of £38,728,980 The directors did not pay any other dividends for the year ended 31 December 2012 (2011 £Nil)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

An active drive to reduce the Company's cost base over the last couple of years has resulted in a continual reduction in overall costs

During August 2012 the Company went through a process of restructuring its share capital and share premium from £64,645,424 to £ 11,000,000, after notifying the FSA, by transferring the premium to the profit and loss account and by reducing and cancelling shares On 1 October 2012 FXCM Japan Securities Co Limited was disposed of and a distribution in kind was made to the value of £38,728,980

The Company is part of a group structure and its ultimate parent is FXCM Incorporated ("FXCM Inc") FXCM Inc's management regularly assesses its existing holding company structure to ensure it is operating as efficiently as possible This assessment considers but is not limited to operating costs and capital requirements across all legal entities FXCM Inc is currently evaluating its subsidiaries in the UK and depending on the outcome of this evaluation the Company's subsidiary FXCM Securities Limited could be merged, subject to regulatory approval, with an affiliate company

The board considers the following to be key performance indicators for the Company

	Movement	2012	2011
	%	£	£
Profit/(loss) on ordinary activities before taxation	304 6%	798,455	(390,269)
Profit/(loss) for the financial year	1845 1%	571,709	(32,760)
Equity shareholders' funds	-75 2%	12,581,914	50,681,574

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date

Directors' report

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and healthy capital ratios in order to support its business and maximise shareholder value

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares During 2012 the company went through a process of restructuring its capital as described in note 10

GOING CONCERN

The Companies business activities and the risks it faces on a day to day basis, which are likely to affect its future development, performance and market position, are set out below

The Directors believe that the actions taken to minimise risk of all types will ensure that the Company will be able to manage its risks successfully enabling it to continue to enhance its market position and grow its business

After considering the above and making further enquiries, the directors are satisfied that the Company has access to adequate resources to ensure that the Company will be able to meet its on-going obligations for at least 12 months for the date of signing the statutory accounts and will have enough capital to meet all its regulatory requirements For this reason they continue to adopt the going concern basis in preparing the annual report and financial statements

DIRECTORS

The directors who held office during the year were as follows

B Callan
L Naldini
D Niv
D Sakhai (resigned 20 April 2012)
G G Wellesley

None of the directors at the year end hold, or have held since 2011, any beneficial interests in the shares of the company

SECRETARY

J Velez

RISK MANAGEMENT

Risks faced by the Company fall under the following categories and are disclosed in detail in note 16

- Liquidity risk
- Reputational risk

Directors' report

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are also 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 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

INDEPENDENT AUDITORS

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company

On behalf of the Board

Brendan Callan
Director
11 July 2013

Independent auditor's report to the members of ODL Group Limited

We have audited the financial statements of ODL Group Limited ("the company") for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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

Independent auditor's report to the members of ODL Group Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Ernst & Young LLP

Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 *July 2013*

Profit and loss account
For the year ended 31 December 2012

	Note	2012 £	2011 £
Administrative expenses		(205 298)	(366,276)
Gain/(loss) on revaluation of foreign subsidiary undertaking		749,865	(396,808)
Profit/(loss) on ordinary activities before interest and taxation	*3*	544,567	(763,084)
Interest receivable and similar income	*2*	253,888	372,815
Profit/(loss) on ordinary activities before taxation		798,455	(390,269)
Tax (charge)/credit on profit/(loss) on ordinary activities	*4*	(226,746)	357,509
Profit/(loss) for the financial year		571,709	(32,760)

All the Company's activities during the year and preceding year are classed as continuing

Statement of total recognised gains and losses
For the year ended 31 December 2012

	Note	2012 £	2011 £
Profit/(loss) for the financial year		571,709	(32,760)
Currency translation difference on foreign currency net investments	*12*	(1,442,389)	1,442,389
Total recognised gains/(losses) relating to the year		(870,680)	1,409,629

Balance sheet
As at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	5	576,618	818,384
Investments	6	22,215,001	62,386,369
		22,791,619	63,204,753
CURRENT ASSETS			
Debtors	7	1,877,916	1,877,916
Deferred tax asset falling due within one year	9	1,934	1,008,597
Deferred tax asset falling due after one year	9	836,729	56,812
Cash at bank and in hand		22,795	61,210
		2,739,374	3,004,535
CURRENT LIABILITIES			
CREDITORS amounts falling due within one year	8	(12,949,079)	(15,527,714)
NET CURRENT LIABILITIES		(10,209,705)	(12,523,179)
NET ASSETS		12,581,914	50,681,574
CAPITAL AND RESERVES			
Called up share capital	10	11,000,000	41,928,729
Share premium account	12	-	22,716,695
EBT reserve account	12	-	(3,305,024)
Cumulative translation reserve	12	-	1,442,389
Profit and loss account	11	1,581,914	(12,101,215)
EQUITY SHAREHOLDERS' FUNDS	12	12,581,914	50,681,574

The financial statements on pages 7 to 19 were approved by the Board of Directors on 11 July 2013 and were signed on its behalf by

Brendan Callan
Director

Notes to the financial statements
For the year ended 31 December 2012

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on a going concern basis

The Company has taken advantage of the exemption from preparing consolidated financial statements contained in section 401 of the Companies Act 2006 as the Company and its parent are wholly owned subsidiaries of the ultimate parent for which consolidated financial statements are prepared In previous years the Company prepared consolidated financial statements

Foreign currencies

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions All monetary assets and liabilities outstanding at the balance sheet date are translated at the rates of exchange ruling at that date Any profit or loss arising is included within operating profit

Investments

Fixed asset investments are shown at cost If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured

Interest income

Interest income is accrued when receivable, by reference to the principal outstanding and at the effective interest rate applicable

Other income

Revenue comprises service charges on the use of the Company's tangible fixes assets by its subsidiary These are recognised in correlation with the depreciation attributable to these assets

Cash flow statement

As the Company is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group, and the consolidated financial statements in which the Company is included are publicly available, the directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) (FRS 1) and not applied FRS 1

Notes to the financial statements
For the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses Such cost includes costs directly attributable to making the asset capable of operating as intended Borrowing costs attributable to assets under construction are recognised as an expense when incurred

Depreciation of tangible fixed assets is charged by equal monthly instalments commencing with the month of acquisition at rates estimated to write off their cost over their expected useful lives, which are as follows

Motor vehicles	-	4 years
Computer software and hardware	-	4 years
Furniture, fixtures and fittings	-	4 years
Leasehold improvements	-	Over the period of the lease

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable Impairment losses are recognised as an expense immediately

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured on an undiscounted basis at the future tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Debtors

Debtors are stated at their recoverable value At each balance sheet date debtors are reviewed to determine whether there is an indication of impairment If such indication exists, the recoverable amount is estimated A provision for impairment is recognised when it is evident that full recovery is unlikely The provision is subject to management review

Related party transactions

FRS 8 does not require disclosure in the financial statements of subsidiary undertakings, 90 per cent or more of whose voting rights are controlled within the group, of transactions with entities that are part of the group or investees of the group qualifying as related parties, provided that the consolidated financial statements in which that subsidiary is included are publicly available

Notes to the financial statements
For the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

Fair values

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date Where there is no active market, fair value is determined using valuation techniques These include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same Where there is no reasonable basis for fair valuing and the fair value cannot be measured reliably, assets will be carried at cost

Financial instruments disclosure

FRS 29 (Financial Instruments Disclosures) is applicable during the year However the Company is claiming exemption under FRS 29 section 2D as the Company is a subsidiary of a group where greater than 90% of the voting rights are controlled within the group, and the ultimate parent company's financial statements are publicly available

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest on cash and short-term deposits	34	123
Other income	253,854	372,692
	253,888	372,815

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

	2012 £	2011 £
Profit/(loss) on ordinary activities before interest and taxation is stated after charging		
Services provided by the Company's auditor		
- Fees paid for audit services	10,000	10,000
Depreciation (note 5)	241,766	347,995

There were no employees during the year (2011 Nil) and the directors received no remuneration in respect of their services to the Company (2011 £Nil) The auditor's remuneration is borne by the Company's subsidiary undertaking FXCM Securities Limited

Notes to the financial statements
For the year ended 31 December 2012

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2012	2011
	£	£
(a) TAX CHARGE/(CREDIT) BASED ON THE PROFIT/(LOSS) FOR THE YEAR		
Current tax		
UK corporation tax on profits of the year	-	-
Adjustment in respect of previous years	-	(340,188)
Total current tax	-	(340,188)
Deferred tax		
Deferred tax charge/(credit) for the year (note 9)	226,746	(17,321)
Tax on profit/(loss) on ordinary activities	226,746	(357,509)

(b) FACTORS AFFECTING TAX CHARGE/(CREDIT) FOR THE YEAR

The tax assessed for the year is different from the standard rate of corporation tax in the UK for the year ended 31 December 2012 of 24 5% (2011 26 5%)
The differences are explained below

	2012	2011
Profit/(loss) on ordinary activities before taxation	798,455	(390,269)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 24 5% (2011 26 5%)	195,621	(103,421)
Effects of:		
Expenses not deductible for tax purposes	1,777	2,767
Capital allowances (in excess)/less than depreciation	(174,246)	100,655
Utilisation of tax losses	(23 153)	-
Adjustments in respect of previous years	-	(340,188)
Current tax charge/(credit) for the year	-	(340,188)

Notes to the financial statements
For the year ended 31 December 2012

5 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Motor vehicles £	Furniture, fixtures and fittings £	Computer software and hardware £	Total £
COST					
1 January 2012	1,586,162	40,159	401,484	644,721	2,672 526
Disposals	-	(40,159)	-	-	(40,159)
31 December 2012	1,586,162	-	401,484	644.721	2,632,367
DEPRECIATION					
1 January 2012	851,953	40,159	400,098	561,932	1,854,142
Charge for the year	179,806	-	1,210	60,750	241,766
Disposals	-	(40,159)	-	-	(40,159)
31 December 2012	1,031,759	-	401,308	622,682	2,055,749
NET BOOK VALUE					
31 December 2012	554,403	-	176	22,039	576,618
31 December 2011	734,209	-	1,386	82,789	818,384

At the year end the Company had no capital commitments (2011 £Nil)

6 FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings at cost	Unlisted £
1 January	62,386,369
Disposals	(38,728,979)
Exchange adjustment arising on retranslation of net investment	(1,442,389)
31 December	22,215,001

The following information at 31 December 2012 relates to the principal subsidiaries of ODL Group Limited all of which are held by the Company

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights held	Nature of business
FXCM Nominees Limited *	UK	Ordinary shares	100%	Nominee
FXCM Securities Limited	UK	Ordinary shares	100%	Diversified financial services

* = Dormant company

Notes to the financial statements
For the year ended 31 December 2012

6 FIXED ASSET INVESTMENTS (continued)

On 1 October 2012, FXCM Japan Securities Co Limited was disposed of by the Company The disposal is analysed as follows

	£
Fixed assets	17,926,263
Debtors	17,609,226
Creditors	(242,970,862)
Long term liabilities	(2,122,378)
Reserves	(1,669,509)
Cash	249,382,645
OCI	573,597
Goodwill	-
	38,728,980
Satisfied by	
Dividend in kind	38,728,980

7 DEBTORS: Amounts falling due within one year

	2012 £	2011 £
Amounts owed by immediate parent undertaking	1,599,024	1,599,024
Corporation tax receivable	278,892	278,892
	1,877,916	1,877,916

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

8 CREDITORS: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	-	10,000,000
Trade creditors	-	209,590
Amounts owed to subsidiary undertakings	12,303,493	5,244,124
Amounts owed to group undertakings	571,586	-
Corporation tax payable	74,000	74,000
	12,949,079	15,527,714

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Notes to the financial statements
For the year ended 31 December 2012

9 DEFERRED TAXATION

Movement on deferred tax is made up of	2012 £	2011 £
At 1 January	(1,065,409)	(1,048,088)
Profit and loss account (note 4)	201,427	(102,554)
Adjustments due to change in corporation tax rate (note 4)	72,927	85,233
Adjustments in respect of prior periods (note 4)	(47,609)	-
At 31 December	(838,663)	(1,065,409)

Provision for deferred tax:	2012 £	2011 £
Accelerated capital allowances	(806,733)	(1,065,409)
Unutilised tax losses	(31,930)	-
Total deferred tax (asset)	(838,663)	(1,065,409)

The Company has taxable non-trading losses of £138,826 (2011 £Nil), which are available for offset against future taxable profits arising in the company A deferred tax asset of £31,930 (2011 £Nil) has been recognised in relation to those losses It is the opinion of the directors that it is more likely than not that there will be suitable taxable profits in future periods, against which the non-trading losses may be relieved

The Company is recognising a further deferred tax asset in relation to fixed asset timing differences of £806,733 (2011 £1,065,409) It is the opinion of the directors that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

The total deferred tax asset recognised in the period is £838,663 (2011 £1,065,409)

A reduction in the UK corporation tax rate from 24% to 23% was substantively enacted in July 2012 to be effective from 1 April 2013 Accordingly, the 23% rate has been applied in the measurement of the Company's deferred tax assets/liabilities as at 31 December 2012 being the enacted future UK corporation tax rate at the balance sheet date The deferred tax asset is recognised on the basis that the Directors believe that the Company will have future profits against which the deferred tax can be recovered

The Government announced in the 2013 Budget a future reduction in the main tax rate from 23% to 21% from 1 April 2014 and 20% from 1 April 2015 We estimate that the future rate change to 20% would further reduce our UK deferred tax asset recognised at 31 December 2012 from £838,663 to £729,272 The actual impact will be dependent on our deferred tax position at that time

Notes to the financial statements
For the year ended 31 December 2012

10 CALLED UP EQUITY SHARE CAPITAL

ALLOTTED AND FULLY PAID	2012 £	2011 £
Ordinary shares of £0 01 each		
At 1 January (2012 4,192,872,910) (2011 703,815,282)	41,928,729	7,038,153
Issued during the year (2012 150,000,000) (2011 3 489,057,628)	1,500,000	34,890,576
Redeemed during the year (2012 3,242,872,910)	(32,428 729)	-
At 31 December (2012 1,100,000,000) (2011 4 192,872,910)	11,000,000	41,928,729

On 14 August 2012, ODL Group Limited issued 150,000,000 ordinary shares of £0 01 each to FXCM Holdings LLC for £1,500,000 increasing the ordinary share capital from £41,928,729 to £43,428,729

On 24 August 2012, ODL Group Limited cancelled its entire share premium of £22,716,695

On 24 August 2012, ODL Group Limited cancelled 3 242,872,910 ordinary shares of £0 01 reducing the ordinary share capital from £43,428,729 to £11,000,000

The Company is funded, by its parent company FXCM Holdings LLC, with sufficient capital to ensure it is able to meet its regulatory obligations in the UK In doing so, the Board of Directors believe that the interests of all stakeholders, including customers and shareholders, are fully protected Account is taken of all potential events that could have an impact on that capital

Controls are in place to constantly monitor the level of capital and the regulatory requirements of the activities within the Company These requirements are based on the level of risk evident in the Company

Capital is provided in the form of share capital from FXCM Holdings LLC When additional capital has been required at any time, further capital has been injected

11 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2012	(12,101,215)
Share capital and share premium reduction	55,145,424
Distribution in kind	(38,728,980)
Movement in EBT reserve	(3,305,024)
Retained profit for the year	571,709
At 31 December 2012	1,581,914

During 2012 it was agreed to wind-down the EBT This is in the final stages of completion As a result the EBT reserve has been cleared down

Notes to the financial statements
For the year ended 31 December 2012

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £	Share premium £	EBT Reserve £	Translation Reserve £	Profit and loss £	Total £
At 1 January 2011	7,038,153	22,716,695	(3,305,024)	-	(12,068,455)	14,381,369
Movement in the year	34,890,576	-	-	1,442,389	(32,760)	36,300,205
At 1 January 2012	41,928,729	22,716,695	(3,305,024)	1,442,389	(12,101,215)	50,681,574
Issue of shares	1,500,000	-	-	-	-	1,500,000
Share capital and share premium reduction	(32,428,729)	(22,716,695)	-	-	55,145,424	-
Distribution in kind	-	-	-	-	(38,728,980)	(38,728,980)
Exchange adjustment arising on retranslation of net investment	-	-	-	(1,442,389)	-	(1,442,389)
Movement in EBT reserve	-	-	3,305,024	-	(3,305,024)	-
Retained profit for the year	-	-	-	-	571,709	571,709
At 31 December 2012	11,000,000	-	-	-	1,581,914	12,581,914

13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in FRS 8, and has not disclosed transactions with group companies During the year a motor vehicle was sold to one of the directors for its market value of £8,000 There were no other related party transactions for 2012 and 2011

14 CONTINGENT LIABILITIES

The Company has no contingent liabilities

15 ULTIMATE CONTROLLING PARTY AND PARENT UNDERTAKING

The immediate parent undertaking is FXCM Holdings LLC

The ultimate parent undertaking and controlling party is FXCM Incorporated, a company listed on the New York Stock Exchange, which is the parent undertaking of the smallest and largest group to consolidate these financial statements

Notes to the financial statements
For the year ended 31 December 2012

16 RISK MANAGEMENT

Risks faced by the Company can be categorised as follow
- Liquidity risk
- Reputational risk

Each of these risks is described below

Liquidity risk

Liquidity risk is the risk that a firm with positive net assets does not have sufficient financial resources at any one point to meet its obligations as they fall due, or can secure such resources only at excessive cost Typically, liquidity risks can arise from·

- A mismatch between asset and liability flows,
- An inability to sell assets quickly,
- The extent to which assets have been pledged,
- The possible need to reduce large asset positions at different levels of market liquidity and the related potential costs and timing constraints, and
- The availability of and costs of emergency funding

The Company's assessment of its liquidity risk exposure is that

- the business is currently debt free
- should the Company have a requirement to borrow funds, the parent FXCM Holdings LLC will provide the necessary liquidity should it be needed

Reputational risk

Reputational risk is defined as the risk that an action, event or situation may adversely impact the Company's reputation Reputational risk arises as a result of failure to manage other business risks, consequentially the Company places the highest importance on risk management at all levels throughout the organisation The Company seeks to operate at the highest level of integrity and ethical standards in all its activities to mitigate this risk