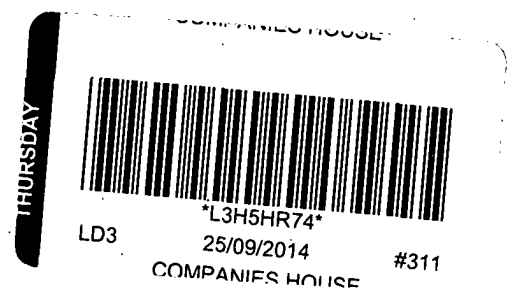


ODL Group Limited

Report and Financial Statements

31 December 2013



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Directors

B Callan

L Naldini (resigned 8 November 2013)

D Niv

G G Wellesley (resigned 30 June 2013)

Secretary

J Velez

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

The Royal Bank of Scotland

280 Bishopsgate

London EC2M 4RB

Solicitors

Reed Smith LLP

Broadgate Tower

London EC2A 2RS

Registered office

8th Floor

Northern & Shell Building

10 Lower Thames Street

London EC3R 6AD

Strategic report

The directors present their strategic report for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

ODL Group Limited ("the Company") continued to act as a non-trading holding company for its operating entity FXCM Securities Limited which is regulated by the Financial Conduct Authority.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The key financial and other performance indicators during the year were as follows:

	2013	2012	Change %
Profit on ordinary activities before taxation	220,823	798,455	-72.3%
Profit for the financial year	122,913	571,709	-78.5%
Equity shareholders' funds	12,704,827	12,581,914	1.0%

The Company is part of a group structure and its ultimate parent is FXCM Inc ("Inc"). 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. 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.

RISK MANAGEMENT

Risks faced by the Company can be categorised as follow and are disclosed in detail in note 16:

- Liquidity risk
- Reputational risk

On behalf of the board



Brendan Callan
Director
12 May 2014

Directors' report

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 December 2013.

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 £122,913 (2012: £571,709).

The directors did not pay a dividend for the year ended 31 December 2013 (2012: £38,728,980 distribution in kind).

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

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.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to ensure that the Company will be able to meet its on-going obligations for at least 12 months from the date of signing the statutory accounts and will have enough capital to meet all of its regulatory requirements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

DIRECTORS

The directors who held office during the year were as follows:

B Callan

L Naldini (resigned 8 November 2013)

D Niv

G G Wellesley (resigned 30 June 2013)

None of the directors at the year end hold, or have held since 2012, any beneficial interests in the shares of the Company.

SECRETARY

J Velez

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 Strategic Report, the Directors' 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 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
12 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODL GROUP LIMITED

We have audited the financial statements of ODL Group Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the 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 Strategic Report, Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

James Bateman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
13 May 2014

Profit and loss account**For the year ended 31 December 2013**

	<i>Note</i>	2013 £	2012 (Restated)* £
Turnover		211,620	253,854
Gross profit		211,620	253,854
Administrative expenses		(212,102)	(205,298)
Other operating income	2	147,302	749,865
Operating profit	3	146,820	798,421
Interest receivable and similar income	4	74,003	34
Profit on ordinary activities before taxation		220,823	798,455
Tax charge on profit on ordinary activities	5	(97,910)	(226,746)
Profit for the financial year		122,913	571,709

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

* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in accounting policies under basis of accounting.

Statement of total recognised gains and losses
For the year ended 31 December 2013

	<i>Note</i>	2013 £	2012 £
Profit for the financial year		122,913	571,709
Currency translation difference on foreign currency net investments	12	-	(1,442,389)
Total recognised gains/(losses) relating to the year		122,913	(870,680)

Balance sheet**As at 31 December 2013**

	<i>Note</i>	2013 £	2012 £
FIXED ASSETS			
Tangible assets	6	374,596	576,618
Investments	7	22,215,001	22,215,001
		<u>22,589,597</u>	<u>22,791,619</u>
CURRENT ASSETS			
DEBTORS: amounts falling due within one year	8	123,645	1,599,024
DEBTORS: amounts falling due after more than one year	8	278,892	278,892
Deferred tax asset falling due within one year	10	1,432	1,934
Deferred tax asset falling due after one year	10	739,345	836,729
Cash at bank and in hand		22,738	22,795
		<u>1,166,052</u>	<u>2,739,374</u>
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	9	(11,050,822)	(12,949,079)
		<u>(9,884,770)</u>	<u>(10,209,705)</u>
NET CURRENT LIABILITIES			
		<u>12,704,827</u>	<u>12,581,914</u>
NET ASSETS			
		<u>12,704,827</u>	<u>12,581,914</u>
CAPITAL AND RESERVES			
Called up share capital	11	11,000,000	11,000,000
Profit and loss account	12	1,704,827	1,581,914
		<u>12,704,827</u>	<u>12,581,914</u>
EQUITY SHAREHOLDERS' FUNDS			
	12	<u>12,704,827</u>	<u>12,581,914</u>

The financial statements on pages 7 to 18 were approved by the Board of Directors on 12 May 2014 and were signed on its behalf by:



Brendan Callan
Director

Notes to the financial statements**For the year ended 31 December 2013****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 preparing the financial statements, in the interest of greater transparency, prior period figures have been restated in respect of the following:

In 2012, management fees were included as other income within interest receivable and similar income. In the current year (and restated 2012 comparatives) management fees have been included in turnover.

In 2012, gains on the retranslation of foreign currency denominated intercompany transactions were disclosed as gains on revaluation of foreign subsidiary undertaking. In the current year (and restated 2012 comparatives) gains on the retranslation of foreign currency denominated intercompany transactions are included in other operating income.

The net effect on profit on ordinary activities before taxation for 2012 is zero.

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.

Turnover

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

Other operating income

Other operating income comprises of the retranslation of foreign currency denominated intercompany transactions and the repayment of loans previously written off.

Interest receivable and similar income

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

Notes to the financial statements**For the year ended 31 December 2013****1 ACCOUNTING POLICIES (continued)****Cash flow statement**

As the Company is a subsidiary undertaking where 90 per cent 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.

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:

Computer 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 at the average 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. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

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.

Notes to the financial statements

For the year ended 31 December 2013

1 ACCOUNTING POLICIES (continued)

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.

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 applying the exemption under FRS 29 section 2D as the Company is a subsidiary of a group where greater than 90 per cent of the voting rights are controlled within the group, and the ultimate parent company's financial statements are publicly available.

2 OTHER OPERATING INCOME

	2013	2012
	£	(Restated)* £
Retranslation of foreign currency denominated transactions	23,657	749,865
Repayment of loan previously written off	123,645	-
	<u>147,302</u>	<u>749,865</u>

3 OPERATING PROFIT

	2013	2012
	£	(Restated)* £
Operating profit is stated after charging:		
Services provided by the Company's auditor		
- Fees paid for audit services	10,000	10,000
	<u>202,022</u>	<u>241,766</u>
Depreciation (note 6)		

There were no employees during the year (2012: Nil) and the directors received no remuneration in respect of their services to the Company (2012: £Nil).

* In 2012, the Company earned £749,865 on retranslation of foreign currency denominated intercompany transactions and this exceptional item has been disclosed within 'Other Operating Income'. The tax effect recognised in 2012 was a charge of £183,717.

Notes to the financial statements

For the year ended 31 December 2013

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012 (Restated)*
	£	£
Interest on cash and short-term deposits	3	34
Reversal of HMRC interest accrual	74,000	-
	<u>74,003</u>	<u>34</u>

* 2012 interest receivable and similar income included management fees as other income as detailed in accounting policies under basis of accounting.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013	2012
	£	£
(a) TAX CHARGE BASED ON THE PROFIT FOR THE YEAR		
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustment in respect of previous years	24	-
Total current tax	<u>24</u>	<u>-</u>
Deferred tax:		
Deferred tax charge for the year (note 10)	97,886	226,746
Tax on profit on ordinary activities	<u>97,910</u>	<u>226,746</u>

(b) FACTORS AFFECTING TAX CHARGE 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 2013 of 23.25% (2012: 24.5%).

The differences are explained below:

Profit on ordinary activities before taxation	220,823	798,455
Profit on ordinary activities multiplied by standard rate in the UK 23.25% (2012: 24.5%):	51,341	195,621
Effects of:		
Expenses not deductible for tax purposes	1,410	1,777
Capital allowances in excess of depreciation	(159,410)	(174,246)
Group relief surrendered for nil payment	106,659	-
Utilisation of tax losses	-	(23,152)
Adjustments in respect of previous years	24	-
Current tax charge for the year	<u>24</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2013

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture, fixtures and fittings £	Computer hardware £	Total £
COST				
1 January 2013 and 31 December 2013	1,586,162	401,484	644,721	2,632,367
DEPRECIATION				
1 January 2013	1,031,759	401,308	622,682	2,055,749
Charge for the year	179,807	176	22,039	202,022
31 December 2013	1,211,566	401,484	644,721	2,257,771
NET BOOK VALUE				
31 December 2013	374,596	-	-	374,596
31 December 2012	554,403	176	22,039	576,618

At the year end the Company had no capital commitments (2012: £Nil).

7 FIXED ASSET INVESTMENTS

	Unlisted £
Shares in subsidiary undertakings at cost:	
At 1 January 2013 and 31 December 2013	22,215,001

The following information at 31 December 2013 relates to the principal subsidiaries of ODL Group Limited all of which are held directly or indirectly 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

= Subsidiary wholly owned directly by the Company

Notes to the financial statements**For the year ended 31 December 2013****8 (a) DEBTORS: Amounts falling due within one year**

	2013	2012
	£	£
Amounts owed by immediate parent undertaking	-	1,599,024
Other debtors	123,645	-
	<u>123,645</u>	<u>1,599,024</u>

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

8 (b) DEBTORS: Amounts falling due after more than one year

	2013	2012
	£	£
Corporation tax receivable	278,892	278,892
	<u>278,892</u>	<u>278,892</u>

9 CREDITORS: amounts falling due within one year

	2013	2012
	£	£
Amounts owed to subsidiary undertakings	11,040,822	12,303,493
Amounts owed to group undertakings	-	571,586
Corporation tax payable	-	74,000
Accruals and deferred income	10,000	-
	<u>11,050,822</u>	<u>12,949,079</u>

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 2013

10 DEFERRED TAXATION

	2013	2012
	£	£
Movement on deferred tax is made up of:		
At 1 January	(838,663)	(1,065,409)
Profit and loss account (note 5)	163,251	201,427
Adjustments due to change in corporation tax rate (note 5)	111,113	72,927
Adjustments in respect of prior periods (note 5)	(176,478)	(47,608)
	<u>(740,777)</u>	<u>(838,663)</u>
At 31 December	<u>(740,777)</u>	<u>(838,663)</u>
	2013	2012
	£	£
Provision for deferred tax:		
Accelerated capital allowances	(740,777)	(806,733)
Unutilised tax losses	-	(31,930)
	<u>(740,777)</u>	<u>(838,663)</u>
Total deferred tax (asset)	<u>(740,777)</u>	<u>(838,663)</u>

The Company has taxable non-trading losses of £Nil (2012: £138,826), which are available for offset against future taxable profits arising in the company. A deferred tax asset of £Nil (2012: £31,930) has been recognised in relation to those losses.

The Company is recognising a deferred tax asset in relation to fixed asset timing differences of £740,777 (2012: £806,733). 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 is £740,777 (2012: £838,663).

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. The Company has applied a rate of 20% to the measurement of its deferred tax assets as at 31 December 2013. 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.

Notes to the financial statements**For the year ended 31 December 2013****11 CALLED UP EQUITY SHARE CAPITAL**

	2013 £	2012 £
ALLOTTED AND FULLY PAID		
Ordinary shares of £0.01 each		
At 1 January (2013: 1,100,000,000) (2012: 4,192,872,910)	11,000,000	41,928,729
Issued during the year (2012: 150,000,000)	-	1,500,000
Redeemed during the year (2012: 3,242,872,910)	-	(32,428,729)
	<hr/>	<hr/>
At 31 December (2013 and 2012: 1,100,000,000)	11,000,000	11,000,000

The Company is funded, by its parent company FXCM Holdings LLC ("Holdings"), 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 Holdings. When additional capital has been required at any time, further capital has been injected.

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £	Share premium £	EBT Reserve £	Translation Reserve £	Profit and loss £	Total £
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 1 January 2013	11,000,000	-	-	-	1,581,914	12,581,914
Retained profit for the year	-	-	-	-	122,913	122,913
At 31 December 2013	11,000,000	-	-	-	1,704,827	12,704,827

Notes to the financial statements**For the year ended 31 December 2013****13 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption contained in FRS 8, and has not disclosed transactions with group companies. There were no related party transactions during the year (2012: £8,000 motor vehicle sold at market value to a director).

14 CONTINGENT LIABILITIES

The Company has no contingent liabilities.

15 ULTIMATE CONTROLLING PARTY AND PARENT UNDERTAKING

The immediate parent undertaking is Holdings, a limited liability corporation incorporated in Delaware, in the United States of America.

Inc. is the ultimate undertaking and operates and controls all of the businesses and affairs of Holdings and its subsidiaries.

The Company's financial statements have been included in the group financial statements of the ultimate parent company, Inc. The group financial statements of Inc. may be obtained from the website www.fxcm.com.

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 Company will seek to borrow funds from its parent Holdings.

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.
