

NASDAQ NLX Limited
Report and Financial Statements

For the year ended 31 December 2016

Registered No. 07774388

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COMPANIES HOUSE

NASDAQ NLX Limited

Directors

C Slessor (Appointed 11th November 2016)
E Knight
J Conley
D Hodson Independent Non-Executive Director
A Gibbins Independent Non-Executive Director
A Belchambers Independent Non-Executive Director
C Crosswell (Resigned 11th November 2016)
R Hassen (Resigned 23rd September 2016)

Secretary

J Conley

Auditors

Ernst & Young LLP
25 Churchill Place,
London
E14 5EY

Registered Office

Woolgate Exchange
25 Basinghall Street
London
EC2V 5HA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities and review of the business

Nasdaq NLX Limited ("the Company") was incorporated to establish a Multilateral Trading Facility (MTF) and is a wholly owned subsidiary of Nasdaq AB (formerly OMX AB). The directors consider the ultimate parent undertaking and controlling party to be Nasdaq Inc. ("the Group"). This MTF has a platform for trading interest rate derivatives along the full yield curve.

The MTF opened for trading on 31 May 2013. Fees of 1 pence were introduced in April 2014 for the existing Futures products. By the end of 2014, the average daily volume across the range of products reached over 70,000 lots and open interest stabilized at around 60,000 lots. Throughout 2015 and 2016 the average daily volumes continued to decrease primarily due to cessation of incentive programmes and other market challenges.

The focus for 2016 was split into three main streams:

- 1) Diversification of the client base by attracting additional top tier investment banks to the join the platform.
- 2) Expand the product portfolio with the pending launch of the interest rate options. The last target launch date of early Quarter 2 2016 was further pushed back to Quarter 3 2017.
- 3) Promote the growth of Open Interest on the Company's platform ahead of London Clearing House's launch of its portfolio margining service.

The company also issued 6,000,000 - £1 ordinary shares to its immediate parent entity Nasdaq AB during the course of the year.

On 31st January 2017, the company announced its intention to cease its current business activity of operating a Multilateral Trading Facility.

Results and dividends

The loss for the year after taxation amounted to £9,764,409 (2015: £8,704,098). The directors do not recommend a final dividend.

Principal risks and uncertainties

Operational risk is a risk of losses due to inadequacy or failure of internal processes due to possible internal or external events which could be natural or deliberate. Internal processes include human resource systems, risk management and internal controls. Operational risks also include possible failure of information technology systems. Such operational risks are mitigated by the appointment of appropriate personnel and resources as well as the implementation of suitable internal controls that are continuously evaluated to ensure that they are effective. Results are monitored and evaluated at regular intervals and data on information systems are supported by the Group's IT infrastructure.

Compliance risk is the risk that the company will be non compliant with the rules and regulations of the Financial Conduct Authority. Such compliance risks are mitigated by the engagement of dedicated compliance resources.

With reference to any business impact following the government's act of invoking Article 50 on 29 March, 2017; management will continue to monitor the situation during the EU exit negotiations. Any business impact as of the date of these financial statements is unknown.

Directors' report

Going concern

Whilst the Company was loss making in 2016, it had excess regulatory capital and liquidity at the balance sheet date.

The Company continues to maintain a capital buffer of greater than 100% of the regulatory capital needed, which is in line with FCA requirements. The threshold is monitored on a monthly basis and further capital injections will be called upon whenever needed. A letter of support has been provided by the Company's ultimate parent entity. As a result, the directors consider the Company to be a going concern for the foreseeable future.

Following the cessation of business operations on 28 April 2017, management has decided the NLX limited company will be maintained as a shell company with limited expenses running through it. The regulatory capital requirement will be £1.

Directors

The directors who served during the year and were appointed or removed subsequently were as follows:

C Slessor	(Appointed 11 th November 2016)
E Knight	
J Conley	
D Hodson	Independent Non-Executive Director
A Gibbins	Independent Non-Executive Director
A Belchambers	Independent Non-Executive Director
R Hassen	(Resigned 23rd September 2016)
C Crosswell	(Resigned 11th November 2016)

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 Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

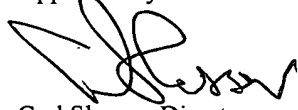
Auditors

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

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board by:



Carl Slessor, Director

24 April 2017

Statement of directors' responsibilities

The directors are responsible for preparing 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 period. Under that law the directors have elected to prepare 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 estimates that are reasonable and prudent;
- state whether applicable Financial Reporting Standards (FRS) 102 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 inappropriate to presume that the Company will 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 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' report to the members of NASDAQ NLX Limited

We have audited the financial statements of Nasdaq NLX Limited for the year ended 31 December 2016 which comprise the Income Statement, Statement of other comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 15. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Statement of Directors' Responsibilities 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 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 the 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of NASDAQ NLX 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

Kenneth Eglinton (Senior Statutory Auditor)

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

London

24 April 2017

Income Statement

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	4	10,727	14,838
Cost of Sales		(2,127,446)	(1,761,287)
Gross Loss		(2,116,719)	(1,746,449)
Administrative expenses		(7,664,016)	(9,429,867)
Operating Loss	5	(9,780,735)	(11,176,316)
Interest receivable and similar income	14	16,326	31,399
Loss on ordinary activities before taxation		(9,764,409)	(11,144,917)
Loss for the financial year		(9,764,409)	(11,144,917)

Statement of other comprehensive income

for the year ended 31 December 2016

There are no adjustments recognised in the statement of other comprehensive income other than the loss for the financial year attributable to the shareholders of the Company.

The notes on pages 11 to 19 form part of these financial statements.

Statement of financial position

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Current assets			
Debtors	9	5,159,457	9,673,560
Cash at bank and in hand		4,322,243	4,191,930
Deferred taxation	8	-	-
		<u>9,481,700</u>	<u>13,865,490</u>
Creditors: amounts falling due within one year	10	<u>(1,039,780)</u>	<u>(1,659,161)</u>
Net current assets		<u>8,441,920</u>	<u>12,206,329</u>
Total assets less current liabilities		<u>8,441,920</u>	<u>12,206,329</u>
Provisions for liabilities		-	-
Net Assets		<u>8,441,920</u>	<u>12,206,329</u>
Capital and reserves			
Called up share capital	11	68,000,000	62,000,000
Capital reserve		539,992	539,992
Profit and loss account		(60,098,072)	(50,333,663)
Shareholders' funds		<u>8,441,920</u>	<u>12,206,329</u>

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



Carl Slessor, Director
24 April 2017

The notes on pages 11 to 19 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2016

	Share capital £	Capital reserve £	Retained earnings £	Total £
Balance at 1 January 2015	49,400,000	288,809	(39,188,746)	10,500,063
Shares issued during the year	12,600,000	-	-	12,600,000
Loss for the year	-	-	(11,144,917)	(11,144,917)
Share based payment charge	-	251,183	-	251,183
At 31 December 2015	<u>62,000,000</u>	<u>539,992</u>	<u>(50,333,663)</u>	<u>12,206,329</u>
Balance at 1 January 2016	62,000,000	539,992	(50,333,663)	12,206,329
Shares issued during the year	6,000,000	-	-	6,000,000
Loss for the year	-	-	(9,764,409)	(9,764,409)
At 31 December 2016	<u>68,000,000</u>	<u>539,992</u>	<u>(60,098,072)</u>	<u>8,441,920</u>

Notes to the accounts

For the year ended 31 December 2016

1. Statutory Information

Nasdaq NLX Limited is a company domiciled in England and Wales, registration number 07774388. The registered office is Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA. With effect from 27 October 2015, the name of the Company was changed from Nasdaq OMX NLX Limited to Nasdaq NLX Limited.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with FRS 102, except for share based payments, which are recorded at fair value. The presentation currency is £ sterling.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit for the comparative period was explained in 2015 Financial Statements.

Disclosure exemptions

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 102:

The financial statements do not include a statement of cash flows as the Company's results are included as a wholly owned subsidiary in the financial statements of Nasdaq Inc. (formerly The Nasdaq OMX Group Inc.), which are publicly available.

Turnover

Revenue is accounted for on an accrual basis, based on the consideration of what has been received or receivable and represents amounts receivable for services provided in the normal course of business, net of VAT and other sales related taxes.

Revenue from trading commissions on NLX platform is recognised on the date the trade is executed.

Cost of Sales

Cost of sales represents rebates paid to clients and market makers for providing liquidity to the Company's platform.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider 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.

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.

Interest Receivable and Payable

Interest income and expenses are recognised on an accrual basis.

Notes to the accounts

For the year ended 31 December 2016

2. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to income statement as they become payable in accordance with the rules of the scheme.

Share Based Payments

Nasdaq Inc. has issued restricted stock units and performance stock units to certain directors and employees of the Company. They are initially measured at the fair value and recognised as an expense in the profit and loss account over the vesting period with the corresponding increase in equity. The fair value of the restricted stock units was estimated at the date of grant using an external stock market valuation method. From 2016, Nasdaq Inc. charges an amount equal to the expense. This charge is accounted for as a reduction in equity.

3. Critical accounting estimates and judgments

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Turnover

Turnover represents execution fees charged, net of rebates.

5. Operating loss

This is stated after charging:

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Auditors' remuneration - audit services for statutory audit	55,000	55,000
Auditors' remuneration – non audit services	9,500	9,500
	<u>64,500</u>	<u>64,500</u>

Notes to the accounts

For the year ended 31 December 2016

6. Directors' remuneration

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Remuneration	576,970	398,375
Company contributions paid to defined contribution pension schemes	28,896	28,875

Member of defined contribution pension schemes

No.

1

The totals above included £378,108 (2015:£308,375) and £28,896 (2015:£28,875) of remuneration and pension contributions respectively, paid in respect of the highest paid director.
In relation to the departure of a director, a payment of £198,862 has been made.

7. Staff costs

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Wages and salaries	1,862,332	1,912,020
Social security costs	283,531	299,292
Other pension costs	72,325	93,487
Share based payments charge (note 12)	262,178	251,183
	<u>2,480,366</u>	<u>2,555,982</u>

Notes to the accounts

For the year ended 31 December 2016

7. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	<i>Year Ended 31 December 2016 No.</i>	<i>Year Ended 31 December 2015 No.</i>
Administration	5	12
Sales	2	3
	<hr/>	<hr/>
	7	15

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Total tax:		
UK corporation tax charge/(credit) on the loss for the year	-	-
Under/(over)provision in prior years	-	-
Deferred tax charge (credit) for the year	-	-
	<hr/>	<hr/>
Total tax charge/ (credit) (note 8(b))	-	-

Notes to the accounts

For the year ended 31 December 2016

8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20%. The standard rate of corporation tax in the UK has been arrived at by reference to the corporation tax rates in effect during the year. The differences are explained below:

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Loss on ordinary activities before tax	9,764,409	11,144,917
Loss on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 20% (2015: 20.25%)	1,952,882	2,256,846
Effects of:		
Expenses not deductible for tax purposes	(3,804)	(3,140)
Adjustments in respects of previous periods	-	-
Temporary differences on which deferred tax is not recognised	5,111	(11,381)
Current year losses on which deferred tax is not recognised	(1,954,189)	(2,242,325)
Total tax for the year (note 8(a))	-	-

A deferred tax asset has not been recognised in view of the uncertainty about future profitability which in the opinion of directors makes the recovery of the asset uncertain. The unrecognised deferred tax asset of £9,934,486 (2015: 8,824,126) is in relation to trading losses of £58,308,959 and other temporary differences of £129,196. The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20% to 19% effective from 1 April 2017. A further reduction was announced in Finance Bill 2016 to reduce the rate to 17% effective from 1 April 2020. Accordingly the unrecognised deferred tax asset at December 2016 has been stated at 17%.

Notes to the accounts

For the year ended 31 December 2016

9. Debtors

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Amounts receivable from Group companies	4,993,592	9,632,434
Prepayments and accrued income	60,539	40,710
Other debtors	105,326	416
	<u>5,159,457</u>	<u>9,673,560</u>

10. Creditors: amounts falling due within one year

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Trade creditors	195,437	353,335
Amounts payable to Group companies	98,497	605,948
Other taxes and social security costs	91,515	97,694
Accruals	654,331	602,184
	<u>1,039,780</u>	<u>1,659,161</u>

11. Called up share capital

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Allotted, called up and fully paid	No.	
Ordinary shares of £1 each	68,000,000	62,000,000
	<u>68,000,000</u>	<u>62,000,000</u>

In September 2016, the Company issued 6,000,000 Ordinary £1 shares at par for cash.

Notes to the accounts

For the year ended 31 December 2016

12. Pension commitments

The Company operates a defined contribution pension scheme for its directors and senior employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

13. Related party transactions

Identity of related parties

Related party is a person or entity that is related to the entity that is preparing its financial statements. Related parties comprise shareholder, board of directors and key management personnel of the Company and their related concerns. The Company, in the ordinary course of business, enters into transactions, at arm's length agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in UK GAAP FRS 102 –Section 33.

The Company has a related party relationship with its ultimate parent, other group companies and board of directors.

Ultimate parent company

Nasdaq Inc. (formerly The Nasdaq OMX Group Inc.) see note 15.

Board of directors (Key management personnel)

Key management personnel are those having authority and responsibilities directly and indirectly, to control the activities of the entity and for the Company these are considered to be the board of directors. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributions to a post-employment defined contribution plan on their behalf. For details of remuneration of key management personnel see note 6.

Related parties' balances

At the year end, the Company had the following balances with its related parties:

Notes to the accounts

For the year ended 31 December 2016

14. Related party balances

Due from related parties

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Amounts receivable from ultimate parent company	29,233	903,326
Amounts receivable from other group companies	4,964,359	8,729,108
	<u>4,993,592</u>	<u>9,632,434</u>

The amounts due from other group companies includes unsecured, interest earning loan £4,461,562 (2015: £8,437,677) and fully repayable on demand.

Due to related parties

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Amounts payable to ultimate parent company	-	430,296
Amounts payable to other group companies	98,497	175,652
	<u>98,497</u>	<u>605,948</u>

Transactions with related parties

During the year, the Company had the following transactions with related parties:

Interest Income

	<i>Year Ended 31 December 2016</i>	<i>Year Ended 31 December 2015</i>
	<i>£</i>	<i>£</i>
Interest receivable from other group companies	16,326	31,399
	<u>16,326</u>	<u>31,399</u>

Notes to the accounts

For the year ended 31 December 2016

14. Related party balances (continued)

Allocation costs from the Ultimate Parent and its subsidiaries

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Allocation costs from ultimate parent company	262,178	259,324
	<u>262,178</u>	<u>259,324</u>

Allocation costs from related parties - overhead charges

	<i>Year Ended 31 December 2016 £</i>	<i>Year Ended 31 December 2015 £</i>
Allocation costs from other group companies	3,234,067	2,790,897
	<u>3,234,067</u>	<u>2,790,897</u>

Notes to the accounts

For the year ended 31 December 2016

15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Nasdaq AB (formerly OMX AB), a company registered in Sweden with its registered office at Tullvaktsvägen 15, 105 78 Stockholm, Sweden. The directors consider the ultimate parent undertaking and controlling party to be Nasdaq Inc. (formerly The Nasdaq OMX Group Inc.). The parent undertaking of the largest and the smallest group for which group financial statements are drawn up and of which the Company is a member is Nasdaq Inc. (formerly The Nasdaq OMX Group Inc.). Copies of the audited financial statements can be obtained from the Group's website www.nasdaqomx.com.