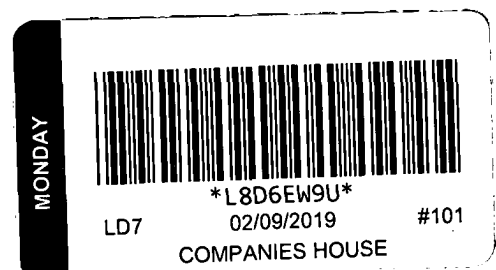


**TRADING POINT OF FINANCIAL
INSTRUMENTS UK LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**



TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS	PAGE
Board of Directors and other officers	2
Strategic Report	3 - 4
Board of Directors Report	5
Directors' Responsibilities statement	6
Independent auditor's report	7 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 26
Pillar III Disclosures (unaudited)	27 - 30

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Charalambos Panayiotou
Marios Papapostolou
Constantinos Cleanthous (appointed on 1 August 2018)
Andreas Loizides (appointed on 1 August 2018)

Company Secretary: Marios Papapostolou

Independent Auditors: BDO LLP
150 Aldersgate Street
London,
EC1A 4AB

Registered office: 1 Ropemaker Street,
City Point Building
London EC2Y 9HT
UK

Registration number: 09436004

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

STRATEGIC REPORT

The Board of Directors of Trading Point of Financial Instruments UK Limited (the "Company") presents its strategic report for the year ended 31 December 2018.

Review of the business and its performance

The principal activities of the Company comprise of the provision of online trading. The Company's trading platform provides access to clients to global over-the-counter CFDs (Contract for Difference) on currency pairs, equities, indices and commodities markets and presents them with the price quotation on which clients take positions (trades). The Company acts as the counterparty to all trades entered by its clients. In 2018, the Company upgraded its licence to an IFPRU 730k firm. The Company receives commission income from TPFIL based on the total trading volume of all its clients' trading activity.

The Company's financial results for the year are considered satisfactory, given the restrictive measures imposed by ESMA on CFD trading since 01 August 2018 as well as the uncertainty preceding the implementation. One of the factors that helped the Company maintain its healthy position was the launch of its proprietary mobile app during 2018.

The Company's Key Performance Indicators (KPIs) that are reviewed and assessed by the management are the Company's revenue and the number of active clients. Revenue from operations in the year amounted to £3,080,170 (2017: £3,443,772). The decrease in the revenue figure was in line with the decrease of the active clients to 15,074 (2017: 16,998) but also due to the new measures which were implemented for the last 5 months of 2018 resulting in lower trading volumes from clients.

The Company's Return on Assets has also been reduced to 38% (2017: 49%), primarily because of the strengthening of its asset base, as a result of the Company's maturing, producing lower yields but still very satisfactory. On the contrary, the Net Asset position rose to £5,473,415 (2017: £3,399,567) and this was due to the profits that the Company recognised during the year. In addition, cash and cash equivalent also increased significantly to £5,303,501 (2017: £3,963,961). Management will be reviewing regularly the cash position of the Company to ensure that it has the liquidity to operate without any external financial support.

Principal risks and uncertainties

As a result of its daily operations and the industry in which the Company operates, it exposes itself into a variety of risks, for which constant monitoring is required in order to be maintained at an acceptable level. The risks faced by the Company are analysed below, in addition to the ones (Market, Credit and Liquidity risk) which are analysed in greater depth together with financials in Note 4 of these Financial Statements.

Operational Risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company initially devotes significant resources each year to ensure that its systems are evaluated, maintained and upgraded continuously. In addition, daily backups are being created on servers established outside the offices to be able to carry its core operations in cases of unforeseen events. Also, one of its policies is to have several providers for the same service, so that in case of default by one, an alternative will exist. Lastly, a hierarchy is maintained at all of the Company's departments to limit the possibility of a human error being made without being noticed.

Litigation Risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations as well as from the fact that it engages with reputable lawyers for advice and support.

Reputation Risk

One of the most important factors in attracting clients in our sector is the reputation that each company has and how it is perceived. The Company takes good care in safeguarding and maintaining its brand reputation. The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

STRATEGIC REPORT

Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with applicable laws and regulations. With the continuously evolving regulatory landscape the Company is obliged to follow all the directives and guidance's issued from time to time. The risk is limited to a significant extent due to the supervision applied daily by the Compliance Department, as well as the Company's monitoring systems and controls.

In addition, each staff member undergoes the relevant training to ensure that they are aware of the new rules to be followed especially with the introduction of the new regulations in 2018 such as MiFID II and the Packaged Retail and Insurance based Investment Products (PRIIP) which allows clients to better understand and compare the key features, risk, rewards and costs of different instruments via the Key Information Document (KID) which is published on the Company's website. Lastly, the senior management, undergoes a regular comprehensive monitoring of the Company's operations to identify and resolve any deficiencies.

Brexit

The management of the Company, given the uncertainty over the final result from Brexit at the time of signing these Financial Statements, does not believe that there will be any material impact on the business. This is assumed on the basis that a soft Brexit will take place.

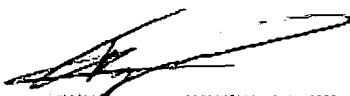
Regulation

Over the past year, the sector in which the Company operates in has been thoroughly investigated by regulators across Europe. The new regulations that were announced in 2018 imposed new rules on certain products and services offered to retail clients. The FCA announced in December 2018, that is assessing the possibility of permanently applying the ESMA product intervention measures once these cannot be further rolled over. The measures that has been applicable since 1 August 2018 are:

- Margin close out rule on a per account basis
- Leverage limits depending on the asset class
- Negative balance protection on a per account basis
- Prohibition of trading incentives offered to retail clients
- Standardised risk warning for CFD providers

The Company, has and will continue to adhere to all relevant laws and regulations and believes that such laws will protect clients and prevent poor practises in the industry.

On behalf of the Board



Charalambos Panayiotou
Director

London, 11 February 2019

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

The Board of Directors of Trading Point of Financial Instruments UK Limited (the "Company") presents to the members, its annual report together with the audited financial statements of the Company, for the year ended 31 December 2018.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in the Strategic Report and in note 4 of the financial statements.

Expected future developments of the Company

The Board of Directors do not expect major changes in the principal activities of the Company for the foreseeable future.

Regulatory updates are closely monitored by the Board of Directors, especially after FCA's announcement, in December 2018 which proposed to apply the ESMA measures on a permanent basis for CFD providers and binary option firms. The Company believes, that even with the new measures being permanently imposed, it will be able to continue its operations in a satisfactory manner.

Dividends

During the year ended 31 December 2018, the Company did not distribute any dividends (2017: Nil).

Board of Directors

The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 2.

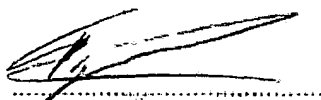
In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

On 1 February 2019 Moore Stephens LLP merged its practise with BDO LLP and so resigned as auditors with effect from that date. BDO LLP were appointed as auditors on 11 February 2019.

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

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) that each director has taken all the steps that ought to have been taken as a director including making appropriate enquiries of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors,



Charalambos Panayiotou

London, 11 February 2019

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

Directors' Responsibilities Statement

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 elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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 the financial statements have been prepared in accordance with IFRS as adopted by the European Union;
- 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 Auditor's Report to the Members of Trading Point of Financial Instruments UK Limited

Opinion

We have audited the financial statements of Trading Point of Financial Instruments UK Limited (the 'company') for the year ended 31 December 2018 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of this other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Trading Point of Financial Instruments UK Limited (continued)

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 the 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 the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on page 5, 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.

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

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.



Kelly Sheppard, Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

11 February 2019.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Revenue	6	3,080,170	3,443,772
Operating Expenses	7	(1,222,810)	(753,351)
Operating profit / (loss)		1,857,360	2,690,421
Net finance income / (loss)	9	201,614	(111,938)
Profit before tax		2,058,974	2,578,483
Income tax	10	(381,996)	(490,918)
Profit for the year		1,676,978	2,087,565
Total comprehensive income for the year		1,676,978	2,087,565

The notes on pages 13 to 26 form an integral part of these financial statements.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED


STATEMENT OF FINANCIAL POSITION

As at 31 DECEMBER 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	11	17,862	9,628
Intangible Asset	12	38,432	76,864
Total non-current assets		56,294	86,492
Current assets			
Trade and other receivables	13	28,719	190,400
Cash and cash equivalents	14	5,303,501	3,963,961
		5,332,220	4,154,361
TOTAL ASSETS		5,388,514	4,240,853
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	15	1,500,000	1,500,000
Retained earnings / (losses)		3,576,545	1,899,567
Total equity		5,076,545	3,399,567
Current liabilities			
Trade and other payables	16	190,089	383,439
Current tax liabilities		121,871	457,847
Total liabilities		311,979	841,286
TOTAL EQUITY AND LIABILITIES		5,388,514	4,240,853

On 11 February 2019, the Board of Directors of Trading Point of Financial Instruments UK Limited (Company Number: 09436004) authorised these financial statements for issue. They were signed on their behalf by:


Charalambos Panayiotou
Director


Marios Pappostolou
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share capital £	Retained earnings £	Total £
Balance at 1 January 2017		1,500,000	(187,998)	1,312,002
Comprehensive income				
Total comprehensive income for the year		-	2,087,565	2,087,565
Balance at 31 December 2017/ 1 January 2018		1,500,000	1,899,567	3,399,567
Comprehensive income				
Total comprehensive income for the year		-	1,676,978	1,676,978
Balance at 31 December 2018		1,500,000	3,576,545	5,076,545

The notes on pages 13 to 26 form an integral part of these financial statements.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit / (loss)		1,857,360	2,690,421
Adjustments for:			
Depreciation and amortisation expense		43,399	40,823
		<u>1,900,759</u>	<u>2,731,244</u>
Changes in working capital:			
Decrease / (increase) in trade and other receivables		161,681	(145,681)
Decrease in trade and other payables		(529,307)	(5,172)
		<u>1,533,133</u>	<u>2,580,391</u>
Cash generated from operations		1,533,133	2,580,391
Tax paid		(275,000)	-
Net finance income / (costs)		44,002	(68,268)
		<u>1,302,135</u>	<u>2,512,123</u>
Net cash generated from operating activities		<u>1,302,135</u>	<u>2,512,123</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(13,200)	(123,584)
		<u>(13,200)</u>	<u>(123,584)</u>
Net cash used in investing activities		<u>(13,200)</u>	<u>(123,584)</u>
Net increase in cash and cash equivalents		<u>1,288,935</u>	<u>2,388,539</u>
FX movement on cash and cash equivalent		<u>50,605</u>	<u>(43,670)</u>
Cash and cash equivalents at beginning of the year		3,963,961	1,619,092
		<u>5,303,501</u>	<u>3,963,961</u>
Cash and cash equivalents at end of the year		<u>5,303,501</u>	<u>3,963,961</u>

As at 31 December 2018, the Company had no borrowings.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Incorporation and principal activities

Country of incorporation

Trading Point of Financial Instruments UK Limited (the "Company") was incorporated and domiciled in England and Wales on 12 February 2015 as a private company limited by shares. Its registered office and principal place of business is at CityPoint building, 1 Ropemaker Street, London, EC2Y 9HT.

Principal activities and nature of operations of the Company

The principal activities of the Company continue to comprise the provision of online trading. The Company's trading platform provides access to clients to global over-the-counter CFDs (Contract for Difference) on currency, equities, indices and commodities markets and presents them with the price quotation on which clients take positions (trades).

The Company operates under the firm reference no. 705428 granted by the UK Financial Conduct Authority. The Company is licensed to hold and control client money and to act as principal on clients' trades.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC Interpretations, SIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis. This contemplates the realisation of assets and liabilities in the ordinary course of business. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

Adoption of new and revised IFRSs

In the current year, the Company has adopted all of the new and revised standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on 1 January 2018.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018. None of these including IFRS 9 "Financial Instruments: Classification and Measurement" and IFRS 15 "Revenues from contracts with clients" has had a significant effect on the financial statements of the Company.

Also, at the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

The following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

IFRS 16 – Leases; The Company however can elect not to recognise the respective assets and liabilities since the lease term is for less than 12 months and has no purchase option.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects the present as well as future periods.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of online trading services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenues earned by the Company are recognised on the following bases:

Commission income

The Company receives commission income on a monthly basis, from Trading Point of Financial Instruments Limited based on the total trading volume of all its clients' trading activity.

The basis on which the trading volume is calculated each month, takes into consideration the trades which have been opened in the month under consideration by the Company's clients.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sterling Pound (£), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

The tax expense for the year comprises current tax only. The tax currently payable is based on taxable profit for the year and is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK which is the country in which the Company operates and generates income. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

Deferred tax (continued)

of the reporting period. The measurement of the deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged in the statement of comprehensive income on a straight-line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of property and equipment.

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer equipment	20

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Intangible assets

Costs that are directly associated with identifiable and unique software licence controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently they are carried at cost less any accumulated amortisation and accumulated impairments losses. Expenditure which enhances or extends their performance beyond their original specifications is recognised as a capital improvement and added to the original cost. Costs associated with maintenance of software licence are recognised as an expense when incurred. The software licence is amortised using the straight-line method over its useful life which is three years. Amortisation commences when the software licence is available for use and is included in the profit or loss.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed, and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Derivatives are categorized as held for trading and relate primarily to open positions on CFDs in which the Company acts as the counterparty. Assets in this category are classified as current assets if they are either held for Trading or are expected to be realised within twelve months of the statement of financial position. Upon initial recognition, attributable transaction costs are recognised in the profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- 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 for which there is no intention of trading the receivable. They are included in current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

- Non-derivative financial liabilities

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise of trade and other payables.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Pension costs

The Company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension costs are recognised when they become payable to the pension scheme on behalf of the employees as a result of contractual obligations.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. In line with IFRS 9, for trade receivables, expected credit losses are recognised from the point of initial recognition and these are based on a reasonable estimate of the losses that might be expected to arise on an instrument over its whole life. The carrying value of the trade receivable balance is reduced by the value of the loss allowance. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or delinquency payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

Clients' funds

Clients' funds are not recognised as assets as they do not represent resources controlled by the Company and the significant risks and rewards of ownership in relation to these funds remain with the clients. The cash is kept in segregated accounts in the Company's name on behalf of its clients and these accounts are held by the Company in a fiduciary capacity.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

effect is material.

4. Financial risk management

Financial risk factors

The Company is exposed to market risk (currency risk), credit risk, liquidity risk, operational risk, litigation risk, compliance risk and reputation risk. The risk management policies employed by the Company to manage these risks are discussed below:

4.1 Market risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised asset and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rates fluctuations on a continuous basis and acts accordingly, if significant fluctuations are identified.

The Company is mainly exposed to currency risk on the cash and cash equivalents held.

The Company's exposure to currency risk in relation to cash and cash equivalent was as follows:

	2018 £	2017 £
US Dollar	847,877	954,793
Euro	1,230,795	638,562
	<u>2,078,672</u>	<u>1,593,355</u>

Sensitivity analysis

An increase in currency prices by 5%, in terms of the exposure to the US Dollar and Euro, at 31 December 2018 would have increased profit or loss by £103,934 (2017: £79,668). For a decrease of 5% there would be an equal and opposite impact on the profit.

4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's open overnight positions are affected by interest rate fluctuations, however the Company is not exposed as each client's trade is fully hedged by off-set trades between the Company and Trading Point of Financial Instruments Limited.

4.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The credit risk in respect of customers arises from a customer's trading position going into deficit through incurring a loss in excess of the required margin deposit. Since the Company will not demand these amounts from its customers, due to the negative balance protection policy it has in place; it will absorb all unexpected losses over and above the clients' deposited funds. In addition to clients' stop loss limits capabilities, the Company uses various tools and automations to reduce its exposure to credit risk, including automatic stop outs well before margin levels are eliminated to prevent any open position going into deficit and protect the clients by minimising their losses, dynamic leverage which increases the margin required as open positions exposure increases.

The carrying amount of financial assets represents the maximum credit exposure without taking into account any balances held as required margin for open trading positions in CFDs.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Financial risk management (continued)

4.3 Credit risk (continued)

The maximum exposure to credit risk as at 31 December 2018 and 31 December 2017 was:

	2018 £	2017 £
Cash at bank	5,303,501	3,963,961
Trade receivables	-	165,981
	5,303,501	4,129,942

The table below shows an analysis of the Company's cash by the credit rating of the financial institution in which they are held:

Financial institutions based on credit ratings by Moody's	2018 £	2017 £
A2	4,059,517	2,532,733
Baa1	1,370	123
	4,060,887	2,532,856
Cash in hand	160	39
Unrated financial institution	99,736	17,388
Unrated financial institution (liquidity provider)	200,000	200,000
Cash in payment providers – not rated	942,718	1,213,678
Total	5,303,501	3,963,961

4.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the 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.

31 December 2018	Carrying amounts £	Contractual cash flows £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade and other payables	76,470	76,470	76,470	-	-	-	-
Payable to group entity	99,707	99,707	99,707	-	-	-	-
	176,177	176,177	176,177	-	-	-	-
31 December 2017	Carrying amounts £	Contractual cash flows £	3 months or less £	3-12 months £	1-2 years £	2-5 years £	More than 5 years £
Trade and other payables	53,460	53,460	53,460	-	-	-	-
Payable to group entity	314,302	314,302	314,302	-	-	-	-
	367,762	367,762	367,762	-	-	-	-

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Financial risk management (continued)

4.5 Capital risk management

The legal and regulatory framework under which the Company operates, stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is determined in accordance with the provisions of the European Capital Requirements Regulation No. 595/2013. The Company aims to always maintain a high capital adequacy ratio well above the required minimum, which has achieved during the year. The capital adequacy ratio is reported to the Company's regulatory authority on a quarterly basis.

The Company's objectives when managing capital, are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

5. Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2018	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Derivative Assets	-	1,263,618	-	1,263,618
Total	-	1,263,618	-	1,263,618
Financial Liabilities				
Derivative Liability	-	(1,263,618)	-	(1,263,618)
Total	-	(1,263,618)	-	(1,263,618)
31 December 2017	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Derivative Assets	-	2,550,036	-	2,550,036
Total	-	2,550,036	-	2,550,036
Financial Liabilities				
Derivative Liability	-	(2,550,036)	-	(2,550,036)
Total	-	(2,550,036)	-	(2,550,036)

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Fair value measurement (continued)

5.1 Offsetting financial assets and liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows:

31 December 2018	Gross amounts before any offsetting £	Off-set gross amount in the statement of financial position £	Net amount after off-set £
Financial Assets			
Derivative Assets	1,263,618	(1,263,618)	-
Total	1,263,618	(1,263,618)	-
Financial Liabilities			
Derivative Liability	79,526	(79,526)	-
Unrealised revenue	1,184,092	(1,184,092)	-
Total	1,263,618	(1,263,618)	-
31 December 2017	Gross amounts before any offsetting £	Off-set gross amount in the statement of financial position £	Net amount after off-set £
Financial Assets			
Derivative Assets	2,550,036	(2,550,036)	-
Total	2,550,036	(2,550,036)	-
Financial Liabilities			
Derivative Liability	282,559	(282,559)	-
Unrealised revenue	2,267,477	(2,267,477)	-
Total	2,550,036	(2,550,036)	-

The Company has a service level agreement with Trading Point of Financial Instruments Limited according to which all trades between the Company and its clients are hedged by entering into off-set trades between the two companies and are settled on an agreed basis. The Company reserves the right, at any time and at the Company's sole discretion, to set-off any unrealised losses incurred in respect of a clients' open positions against that client money held by the Company on behalf of that client in accordance with the agreement between the customer and the Company. This arrangement meets the criteria for offsetting and therefore, no derivatives and associated fair value balances are presented on the statement of financial position or statement of comprehensive income.

6. Revenue

	2018 £	2017 £
Commissions from related party (Note 17)	3,080,170	3,443,772
	3,080,170	3,443,772

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

7. Operating Profit / (Loss)

	2018 £	2017 £
The operating profit / (loss) is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 11)	4,967	2,391
Amortisation of intangibles (Note 12)	38,432	38,432
Staff costs (Note 8)	896,155	440,993
Independent auditors' remuneration – statutory audit	23,920	23,000
Independent auditors' remuneration – prior year's audit	-	4,245
Independent auditors' remuneration – non audit – tax compliance	2,775	-
Rent expense	52,202	51,049
Legal and Professional fees	135,453	88,138

8. Staff Costs

	2018 £	2017 £
Wages and salaries	760,139	398,824
National Insurance and other contributions	130,689	41,064
Pension contributions	5,327	1,105
	896,155	440,993

During the year ended 31 December 2018, the payments towards the Directors were £427,083 (2017: £187,000). The total monthly average number of employees for 2018 was 8 (2017: 5).

Emoluments in respect of the highest paid director were as follows:

	2018 £	2017 £
Wages and salaries	149,852	89,880
National Insurance and other contributions	6,398	-
Pension contributions	-	-
	156,250	89,880

9. Net Finance income / (expenses)

	2018 £	2017 £
Net Foreign exchange gain	207,081	-
Finance Income	207,081	-
Bank charges	(5,099)	(6,689)
Interest expense	(368)	-
Net Foreign exchange loss	-	(105,249)
Finance Expenses	(5,467)	(111,938)
Net Finance income / (expenses)	201,614	(111,938)

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Income tax

	2018 £	2017 £
Corporation tax - current year	396,871	457,847
Corporation tax – prior year	(14,875)	-
Deferred Tax provision	-	33,071
Charge for the year	381,996	490,918

The total charge for the year can be reconciled to the accounting profit as follows:

	2018 £	2017 £
Profit / (Loss) before income tax	2,058,974	2,578,483
Tax calculated at the applicable tax rates (19%)	391,205	496,358
Tax effect of expenses not deductible for income tax purposes	8,174	72
Release of deferred tax asset	-	33,071
Capital allowances in excess of depreciation	(2,508)	(1,135)
Tax effect of losses carried forward	-	(37,448)
Tax charge	396,871	490,918

11. Property, plant and equipment

	Computer hardware £	Furniture, fixtures and office equipment £	Total £
Balance at 1 January 2017	3,090	1,398	4,488
Additions	8,039	250	8,289
Disposals	-	-	-
Balance at 31 December 2017/ 1 January 2018	11,129	1,648	12,777
Additions	12,556	645	13,201
Disposals	-	-	-
Balance at 31 December 2018	23,685	2,293	25,978
Balance at 1 January 2017	618	140	758
Charge for the year	2,226	165	2,391
On disposals	-	-	-
Balance at 31 December 2017/ 1 January 2018	2,844	305	3,149
Charge for the year	4,738	229	4,967
On disposals	-	-	-
Balance at 31 December 2018	7,582	534	8,116
Balance at 31 December 2018	16,103	1,759	17,862
Balance at 31 December 2017	8,285	1,343	9,628

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible asset

	Software licence £	Total £
Balance at 1 January 2017		-
Additions	115,296	115,296
Disposals		
Balance at 31 December 2017 / 1 January 2018	115,296	115,296
Additions	-	-
Disposals	-	-
Balance at 31 December 2018	115,296	115,296
Balance at 1 January 2017	-	-
Additions	38,432	38,432
Disposals		
Balance at 31 December 2017 / 1 January 2018	38,432	38,432
Charge for the year	38,432	38,432
On disposals	-	-
Balance at 31 December 2018	76,864	76,864
Balance at 31 December 2018	38,432	38,432
Balance at 31 December 2017	76,864	76,864

13. Trade and other receivables

	2018 £	2017 £
Trade receivables	-	165,981
Deposits and prepayments	28,719	24,419
	28,719	190,400

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to its financial instruments is reports in note 4 of the financial statements.

14. Cash and cash equivalents

For the purpose of the statement of cash flows, the cash and cash equivalents include the following:

	2018 £	2017 £
Cash at bank and in hand	5,303,501	3,963,961
	5,303,501	3,963,961

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 4 of the financial statements.

The cash and cash equivalents are analysed in the following currencies:

	2018 £	2017 £
Pound Sterling	2,810,967	2,169,831
US Dollar	847,877	954,793
Euro	1,230,795	638,562
Other currencies	413,862	200,775
	5,303,501	3,963,961

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Share capital

	2018 Number of shares	2018 £	2017 Number of shares	2017 £
Issued and fully paid				
Balance at 1 January	1,500,000	1,500,000	1,500,000	1,500,000
Issue of shares	-	-	-	-
Balance at 31 December	1,500,000	1,500,000	1,500,000	1,500,000

16. Trade and other payables

	2018 £	2017 £
Trade payables	40,105	14,260
Accruals	13,920	15,677
Other payables	36,365	39,200
Payables to related companies (Note 17.2)	99,707	314,302
	190,098	383,439

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 4 of the financial statements.

17. Related party transactions

The Company is controlled by Trading Point Holdings Limited, incorporated in Cyprus, which owns 100% of the Company's shares and is controlled by a number of individuals, none of whom has a controlling interest. The parent company is responsible for preparing consolidated financial statements for the Group and they can be obtained from its registered office at 12 Richard & Verengarias Street, Araouzos Castle Court, 3042 Limassol, Cyprus.

The following transactions were carried out with related parties:

17.1 Revenue received

Name	Nature of transactions	2018 £	2017 £
Commission from related party (Note 6)	Trading	3,080,170	3,443,772
		3,080,170	3,443,772

Commission is received from Trading Point of Financial Instruments Limited, a Group company, based on a pre-agreed percentage on the trading volumes of the clients.

17.2 Payables to related parties

Name	Nature of transactions	2018 £	2017 £
Payables to fellow subsidiary (Note 16)	Trading	99,707	314,302
		99,707	314,302

During the year, the fellow subsidiary, incurred several costs in relation to the service level agreement between the two companies. This includes the provision of the trading platform and support, provision of back office services and other such costs necessary for the Company to operate and enter into the matching of trades such costs necessary for the Company to operate and enter into the matching of trades.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Commitments

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Within one year	56,947	21,000
	<u>56,947</u>	<u>21,000</u>

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

PILLAR III DISCLOSURE (unaudited)

FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

Corporate Information

Trading Point of Financial Instruments UK Limited (the "Company") is incorporated in the United Kingdom and is authorised and regulated by the Financial Conduct Authority ("FCA") under license number 705428, dated 3 May 2017.

The Company updated its licenced activities to an IFPRU €730k as of July 2018 categorisation as a full scope licence firm.

Pillar III Regulatory Framework

On 26 June 2013, the European Parliament and the Council released a legislative package known as "CRDIV" to strengthen the regulation of the financial sector. The "CRDIV" package replaces the previous European Capital Requirements Directives (2006/48 and 2006/49), commonly known as Basel II, in relation to capital requirements and large exposures, with a European Directive (2013/36/EU) and a European Regulation (575/2013). The Regulation (EU) No. 575/2013 ("the Regulation") is directly applicable as a Single Rule book by all Member State institutions whereas the Directive 2013/36/EU needs to be transposed by all member state regulatory authorities. The main purpose of the Basel III revisions was to make the framework more risk sensitive and representative of actual risk management practices.

The new regulatory framework consists of three Pillars:

- Pillar I sets out the minimum capital requirements firms are required to meet;
- Pillar II requires firms to assess their capital requirements in light of any specific risks not captured, or not adequately captured, in the Pillar I calculations; and
- Pillar III seeks to improve market discipline by requiring firms to publish certain details of their risks, capital and risk management practices.

Basis and Frequency of Disclosure

This document represents the disclosures of Trading Point of Financial Instruments UK Limited, in accordance with the Pillar III requirements. These disclosures are made mainly in order to give information on the risks faced by the Company and how these are dealt with, as well as the basis of calculating the Company's capital requirements.

All disclosures mentioned below are in line with the Company's audited Financial Statements, which are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The information which is disclosed is adequate in order to meet all Pillar III requirements as set out by the Capital Requirements Regulations ("CRR").

The Company is a limited licence firm with the permission to hold client money.

Risk Inventory

The Company is primarily exposed to the following risks from its use of financial instruments:

Credit Risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. In order to limit exposure to Credit risk, effort is made so that cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and having available an adequate amount of committed credit facilities.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

PILLAR III DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2018

Market risk

Market risk is the risk of loss due to fluctuations in market prices, such as foreign exchange rates. These market prices affect the Company's income or the value of its holdings of financial instruments.

Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

Litigation Risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

Reputational Risk

The risk of loss of reputation arising from the negative publicity relating to the Company's operations (whether true or false) may result to a reduction of its clientele, reduction in revenue and/or legal cases against the Company. The Company applies procedures to minimize this risk.

Compliance Risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Department, as well as by the monitoring controls applied by the Company.

Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP overview

As a result of the requirements, the Company has in place an Internal Capital Adequacy Assessment Process. The ICAAP is an internal tool which allows the Company to assess its position and determine the amount of internal capital it needs to hold in order to be covered against all the risks it is facing or to which it may be exposed in the future.

The ICAAP falls under the scope of Pillar II, which can be described as a set of relationships between FCA and the Investment Firm, the objective of which is to enhance the link between an investment firm's risk profile, its risk management and risk mitigation systems, and its capital. Pillar II establishes a process of prudential interaction that complements and strengthens Pillar I by promoting an active dialogue between the regulator and the investment firm such that, any inadequacies or weaknesses of the internal control framework and also other important risks, the fulfilment of which may entail threats for the investment firm, are identified and managed effectively with the enforcement of additional controls and mitigating measures.

The ICAAP comprises of all measures and procedures adopted by the Company with the purpose of ensuring:

- the appropriate identification and measurement of risks;
- an appropriate level of internal capital in relation to the Company's risk profile; and
- the application and further development of suitable risk management and internal control systems and tools.

From the Company's perspective, the ICAAP:

- is a key element of its day to day governance process and its strategic management initiatives;
- promotes a comprehensive risk management framework;
- aligns capital with risk management and strategy; and
- provides a tool for communicating to the Board and the regulator the key aspects of its risk management and governance frameworks.

The ICAAP is clearly owned and approved by the Company's Board of Directors.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

PILLAR III DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2018

ICAAP Profile and Methodology

The planning of the ICAAP is closely related to the size of the Company and the complexity of its operations, taking into consideration the principle of proportionality. In addition, the link between the ICAAP and the Supervisor's Review Process ("SREP"), which is going to be carried out by FCA, is also influenced by the size and complexity of the Company's operations. According to the size of the Company as well as the complexity of its operations, the Company utilizes the minimum capital requirement approach for the calculation of the additional capital for Pillar II.

The Company has implemented the minimum capital requirement approach in four stages:

1. The Pillar I minimum capital requirement was used as the foundation, since it reflects the Company's exposure to Pillar I risks (i.e. Credit Risk and Market Risk).
2. The adequacy of the minimum capital required under Pillar I was then assessed, in relation to risks arising from the following three categories:
 - i. Risks covered in Pillar I;
 - ii. Risk not fully covered in Pillar I (e.g. Concentration Risk which is part of Credit Risk);
 - iii. Risks not covered in Pillar I (e.g. Liquidity Risk, Strategic Risk, Reputational Risk).
3. A comprehensive risk assessment was carried out for all three groups of risks, during which a profile was determined for each risk (high/medium/low), based on its anticipated impact and its likelihood of occurrence. All high profile risks were further analyzed and mitigation measures were set in order for the Company to better control and mitigate them.
4. The additional measures set for the mitigation of these risks are considered over and above the capital allocated for Pillar I purposes and can take the following forms:
 - i. Provision of additional capital corresponding to the risks not covered (fully or partially) by Pillar I;
 - ii. Enhancement of internal procedures to reduce the likelihood of these risks materializing and/or the impact of these risks to the Company.

Minimum required own funds for risk exposed

Credit Risk

The Company uses the Standardized Approach for measuring Credit Risk.

As at 31 December 2018, the Capital Requirement for the Company's credit risk exposure is £104,299.

Market risk

The Company is exposed to Market risk and more precisely on Foreign Exchange risk as a result of its accounts which are denominated in a foreign currency other than the Pound Sterling i.e. US Dollar and Euro.

As at 31 December 2018, the Capital Requirement for the Company's foreign exchange risk exposure is £199,403.

Operational risk

Due to the fact that the Company upgraded its licence from a Limited Licence to a Full Scope firm, it is now subject to Pillar I Operational risk requirement instead of the Fixed Overhead Requirement which was followed in 2017.

The Company calculates Operational Risk using the basic indicator approach, which is equal to 15% of the average over three years of the sum of its net interest income and its net non-interest income.

Governance Framework

During the year, the Company appointed two more Executive Directors, Mr. Constantinos Cleanthous and Mr. Andreas Loizides. Both of them have been transferred from the Cypriot sister entity because of their knowledge and experience over the industry. Given the challenges that currently exist in our sector, the Company should take the necessary measures and implement the necessary changes to cope with new laws but also to ensure that differentiates from the competition.

TRADING POINT OF FINANCIAL INSTRUMENTS UK LIMITED

PILLAR III DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2018

Risk Management Framework and Governance

The Company implements and maintains risk management policies and procedures which identify and manage the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Company. The Company has adopted arrangements, processes and systems, in light of that level of risk tolerance, where applicable.

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the risk management framework. Furthermore, the Company has established a Risk Management Function which is operated by the CEO and is assigned the monitoring of the following:

- The adequacy and effectiveness of the Company's risk management policies and procedures;
- The level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted;
- The adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Company to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

Remuneration Policy

The Company's Board of Directors adopts and periodically reviews the general principles of the remunerations policy and is responsible for overseeing its implementation. The Company has been defined as a Tier Three investment firm. Decisions with regards to remuneration levels and salary increases of employees are taken by the two Executive Directors. In addition to examining these factors, the Executive Directors hold discussions with each employee at the end of each year to discuss the employee's performance during the preceding year.

Performance Related Pay

In 2018 remuneration consisted of fixed monthly salaries and performance-based bonuses.

Discretionary Annual Bonus Scheme

The Company operates a discretionary annual bonus scheme to recognise an employee's contribution to the success of the Company. The bonus year runs from January 1st until December 31st.

Eligibility Criteria

In order to be eligible to receive bonus, an employee needs to be employed by the Company on the relevant bonus payment date. If an employee terminates his/ her employment or if he/ she has been dismissed by the Company prior to the bonus payment date then that employee (i) is not entitled to receive the bonus on a pro-rata basis and (ii) is not entitled to receive any damages for loss of payment under the bonus scheme. In addition, the employee is not eligible to participate in the bonus scheme if his/ her probation period has not expired.