

Citadel Securities Finance (UK) Limited

Annual Report and Financial Statements for the year ended 31 December 2020

Registered Number: 11966286

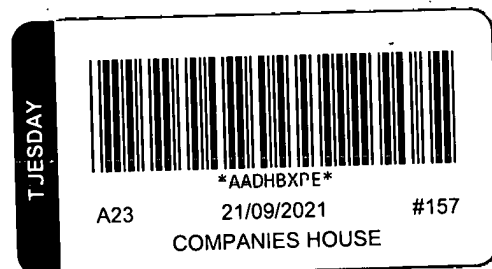


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CITADEL SECURITIES FINANCE (UK) LIMITED

General Information

Board of Directors at Date of Signing

Steven Atkinson
Donna Rix
Matthew Emerson

Registered Office

120 London Wall
London EC2Y 5ET
England

Statutory Audit Firm

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Banker

Bank of New York
1 Wall Street
New York
NY 10286
United States of America

Directors' Report

The Directors present their report and audited financial statements of Citadel Securities Finance (UK) Limited ("CSFC" or the "Company") for the year ended 31 December 2020. All amounts presented are in USD in thousands unless otherwise stated. These financial statements were authorised for issue by the Board of Directors on 22 April 2021. The Directors have chosen to disclose the Company's risk management objectives and policies, and the future outlook of the Company in the Strategic Report in accordance with Section 414C(11) of the Companies Act 2006.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

- Steven Atkinson
- Donna Rix
- Matthew Emerson, appointed 1 June 2020

The following Directors resigned from the Board of Directors between 1 January 2020 and the date of signing the financial statements:

- Timothy Tomalin-Reeves, appointed 6 February 2020 and resigned 21 May 2020

None of the Directors had any interest in the share capital of the Company at any time during the year.

RESULTS AND DIVIDENDS

The total comprehensive income for the year was \$783 (2019: \$53). During the year, the Company did not make any dividend payments (2019: same). The Directors do not recommend the payment of a final ordinary dividend in respect of the year ended 31 December 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Directors' Report

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each Director in office at the date the Directors' Report is approved, each Director confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Board of Directors meeting on 22 April 2021.

SUBSEQUENT EVENTS

Please refer to Note 9 accompanying the financial statements.

FUTURE DEVELOPMENTS

Please refer to the Strategic Report.

FINANCIAL RISK MANAGEMENT

Please refer to Note 7 accompanying the financial statements.

On behalf of the Board



Steven Atkinson, Director

22 April 2021

Strategic Report

The Directors present the strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of treasury and cash management services to companies within the Citadel Securities group ("CS Group"). Related party transactions are disclosed in Note 8 accompanying the financial statements.

BUSINESS REVIEW

During 2020, the Company increased its lending activity to the CS Group. The Company's income for the financial year was \$19,312 (2019: \$3,260), generated from interest on loans. As at 31 December 2020, the Company had borrowing arrangements of \$982,649 (2019: \$216,100) and lending arrangements of \$931,092 (2019: \$216,000) with CS Group entities which reflects the strong performance and continued growth of the CS Group as a whole. The largest cost is interest expense and the Company seeks to earn a spread between its cost of funding and the loans it advances to CS Group companies. The cost of administrative services provided by related companies and recharged to the Company amounted to \$233 (2019: \$72). The interest spread covered the administrative expenses and the Company earned an operating profit of \$989 (2019: \$65) which was in line with expectations.

The Company and its service providers' operating models proved to be resilient and adaptable to the challenges presented by the global outbreak of the COVID-19 pandemic and various restrictions imposed by governments. All Board of Directors meetings in 2020 for the Company were held remotely via video conference. Key service providers for the Company were successfully able to transition to a work from home environment for their employees where necessary with minimal disruption to the Company's operations or service levels received.

PRINCIPAL RISKS, FINANCIAL RISKS AND UNCERTAINTIES

The Company is subject to various risks, including, but not limited to, market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for risk management and oversight. The risks are monitored and reviewed regularly in accordance with changes in market conditions and the Company's activities.

In providing lending to CS Group companies, the Company is dependent on the long-term success of the CS Group. The performance of affiliated entities within the CS Group could be negatively impacted by various risks including, but not limited to, market risk, credit risk, liquidity risk and operational risk which could impact their ability to repay the Company.

The Company is subject to risks associated with unforeseen or catastrophic events, including terrorist attacks, natural disasters, and the emergence of a pandemic, which could create economic, financial, and business disruptions. These events could lead to operational difficulties that could impair management's ability to manage the Company's activities.

Legal, tax and regulatory changes could occur in the jurisdictions within which the Company operates. Certain changes could have a material adverse effect on the Company.

Please refer to Note 7 accompanying the financial statements for further disclosure.

KEY PERFORMANCE INDICATORS ("KPIs")

The Directors monitor a range of key performance indicators to oversee the development and performance of the business. Management monitors the liquidity position on a daily basis.

The Company's KPIs are the following:

- Net interest income: This indicates the interest spread on intergroup borrowing and lending and is one of the most important indicators of the Company's overall performance.

	2020	2019
Net interest income	\$1,222	\$137

The Company has achieved a positive net interest income and recorded a net profit. This has enabled the Company to record a favourable return on capital.

CITADEL SECURITIES FINANCE (UK) LIMITED

Strategic Report

STRATEGY AND FUTURE DEVELOPMENTS

The Company will continue to provide treasury and cash management services to related companies within the CS Group.

On behalf of the Board



Steven Atkinson, Director
22 April 2021



Independent auditors' report to the members of Citadel Securities Finance (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Citadel Securities Finance (UK) Limited's (the "Company") financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Independent auditors' report to the members of Citadel Securities Finance (UK) Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.



Independent auditors' report to the members of Citadel Securities Finance (UK) Limited

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed included:

- Enquiries of management, internal audit and those charged with governance;
- Review of internal audit reports and minutes of meetings of those charged with governance;
- Review of correspondence with, and reports to regulators; and
- Identifying and testing journal entries, including those posted on unusual dates, containing unusual words, posted to unusual accounts, backdated journals and those posted by unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



***Independent auditors' report to the members of Citadel Securities
Finance (UK) Limited***

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mike Wall

Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2021

CITADEL SECURITIES FINANCE (UK) LIMITED

Statement of Financial Position

(Expressed in U.S. dollars in thousands)

	Note	At 31 December	
		2020	2019
ASSETS			
Assets:			
Cash and cash equivalents		\$ 57,530	\$ 162
Due from affiliates	8	932,851	216,694
Total assets		\$ 990,381	\$ 216,856
LIABILITIES AND EQUITY			
Liabilities:			
Due to affiliates	8	\$ 984,501	\$ 216,791
Tax payable		205	12
Accrued expenses		39	—
Total liabilities		984,745	216,803
Equity	4	5,636	53
Total liabilities and equity		\$ 990,381	\$ 216,856

The financial statements on pages 1 to 9 were approved by the Board of Directors on 22 April 2021 and were signed on its behalf.



Steven Atkinson, Director
22 April 2021

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

(Expressed in U.S. dollars in thousands)

	Note	For the year ended 31 December 2020	For the period ended 31 December 2019 ¹
Net interest income:			
Interest income		\$ 19,312	\$ 3,260
Interest expense		(18,090)	(3,123)
Net interest income		1,222	137
Operating expenses:			
Operating expenses	5	(233)	(72)
Operating profit		989	65
Taxation:			
Income tax expense	6	(206)	(12)
Total comprehensive income		\$ 783	\$ 53

¹ For the period 26 April 2019 (date of incorporation) through 31 December 2019.

Gains and losses arise solely from continuing operations. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

Statement of Changes in Equity

(Expressed in U.S. dollars in thousands)

	Note	For the period ended 31 December 2019 ¹		
		Share Capital	Retained Earnings	Total Equity
Balance at 26 April 2019		\$ —	\$ —	\$ —
Issuance of share capital	4	—	—	—
Total comprehensive income		—	53	53
Balance at 31 December 2019		\$ —	\$ 53	\$ 53

	Note	For the year ended 31 December 2020		
		Share Capital	Retained Earnings	Total Equity
Balance at 31 December 2019		\$ —	\$ 53	\$ 53
Issuance of share capital	4	4,800	—	4,800
Total comprehensive income		—	783	783
Balance at 31 December 2020		\$ 4,800	\$ 836	\$ 5,636

¹ For the period 26 April 2019 (date of incorporation) through 31 December 2019.

Statement of Cash Flows

(Expressed in U.S. dollars in thousands)

	For the year ended 31 December 2020	For the period ended 31 December 2019 ¹
Cash flows from operating activities:		
Total comprehensive income	\$ 783	\$ 53
Adjustments to reconcile total comprehensive income to net cash used in operating activities:		
Interest income	(19,312)	(3,260)
Interest expense	18,090	3,123
Income tax expense	206	12
Interest received	18,018	2,563
Interest paid	(16,438)	(2,501)
Income taxes paid	(13) ¹	—
	1,334	(10)
Changes in cash flows from operating activities:		
Due from affiliates	(714,864)	(216,000)
Due to affiliates	(489)	72
Accrued expenses	39	—
Net cash used in operating activities	(713,980)	(215,938)
Cash flows from financing activities:		
Proceeds from issuance of share capital	4,800	—
Proceeds from paydown of loans to affiliates	3,281,024	341,100
Disbursement of loans to affiliates	(2,514,476)	(125,000)
Net cash provided by financing activities	771,348	216,100
Net increase in cash and cash equivalents for the year/period	57,368	162
Cash and cash equivalents at beginning of the year/period	162	—
Cash and cash equivalents at end of the year/period	\$ 57,530	\$ 162

¹ For the period 26 April 2019 (date of incorporation) through 31 December 2019.

Notes to Financial Statements

(Expressed in U.S. dollars in thousands)

NOTE 1

Organisation

Citadel Securities Finance (UK) Limited (the "Company") is a private company limited by shares, which was incorporated on 26 April 2019 in the United Kingdom. The principal activity of the Company is the provision of treasury and cash management services, including foreign exchange risk management, to affiliated entities. The address of its registered office is 120 London Wall, London, EC2Y 5ET.

Ownership

Citadel Securities Asia Holdings Limited ("CSAHL") is the sole shareholder of the Company. Citadel Securities Holdings LP ("CSHP") is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The ultimate controlling party is Kenneth Griffin.

Affiliations

Citadel Enterprise Americas LLC ("CEAMER"), Citadel Securities Americas LLC ("CSAMER") and Citadel Enterprise Europe Limited ("CEEU"), all affiliates, provide administrative and investment-related services to the Company.

Administrator

Northern Trust Hedge Fund Services LLC ("NTHFS") is responsible for providing certain middle and back office administrative and operational services to the Company. The services contract between the Company and NTHFS is currently effective through 30 June 2021.

NOTE 2

Basis of Preparation

Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

Basis of Measurement

The financial statements have been prepared on a going concern basis and under the historical cost basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

All references to the period ended 31 December 2020 and 31 December 2019 refer to the year ended 31 December 2020 and the period 26 April 2019 (date of incorporation) through 31 December 2019, respectively.

Functional and Presentation Currency

These financial statements are presented in USD, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in USD and the performance of the Company is measured and reported to the shareholder in USD. The Directors of the Company believe that USD most faithfully represents the economic effects of the underlying transactions, events and conditions.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from those estimates. Management has concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been consistently applied by the Company to all periods presented.

NOTE 3

Significant Accounting Policies

Cash and Cash Equivalents

The Company defines cash and cash equivalents on the statements of financial position and cash flows as cash and funds held in liquid investments with original maturities of 90 days or less. Cash and cash equivalents are held at Bank of New York Mellon.

Financial Instruments

CLASSIFICATION

The Company classifies its financial instruments as subsequently measured at amortised cost based on both the Company's business model for managing those financial assets or liabilities and the contractual cash flow characteristics of the financial assets or liabilities.

The contractual cash flows of the loan portfolio are solely principal and interest and the loans are held for the purpose of collecting the contractual cash flows.

Financial assets and liabilities subsequently measured at amortised cost include cash and cash equivalents, due from affiliates, due to affiliates and accrued expenses.

RECOGNITION

The Company recognises all financial assets and financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

DE-RECOGNITION

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Notes to Financial Statements

(Expressed in U.S. dollars in thousands)

Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or have expired.

MEASUREMENT

Due from affiliates are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company assesses on a forward-looking basis, by considering both historical and forward looking information, the expected credit losses associated with its receivables carried at amortised cost. The impairment applied depends on whether there has been a significant increase in credit risk. No assets are credit impaired as at the reporting date and no amounts have been written off during the year (2019: same) as both the historical analysis and forward-looking information indicate that the expected credit losses arising from the Company's receivables are minimal.

Due to affiliates, tax payable and accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Share Capital

The Company is wholly-owned by CSAHL through a capital balance. The capital balance is used by the Company for operating activities.

Interest Income and Expense

Interest income (expense) is recognised using the effective interest method.

Taxation

The Company is subject to United Kingdom ("UK") corporate income tax directly. Corporate income tax expense for the period comprises current tax, recognised in income tax expense on the statement of comprehensive income. Current tax is the expected tax payable on taxable profits for the period, using tax rates enacted or substantively enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous periods.

In accordance with IFRS, the Directors have reviewed the Company's tax positions for the open tax period. For the year ended 31 December 2020, the Directors have determined that the Company was not required to establish a liability for uncertain tax positions (2019: same). If the Company were to have an uncertain tax position, it would record interest and penalties, as applicable, in income tax expense on the statement of comprehensive income.

New and Revised Accounting Standards and Interpretations

In preparing the financial statements, the Company has adopted all applicable standards, amendments and interpretations.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS EFFECTIVE FROM THE BEGINNING OF THE FINANCIAL YEAR

There are no standards, interpretations or amendments to existing standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Company.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AFTER 1 JANUARY 2021 AND HAVE NOT BEEN EARLY ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

NOTE 4

Share Capital

At 31 December 2020, the Company had 4,800,001 (2019: 1) issued and outstanding common shares, at a par value of \$1.00 per share. Par value is not expressed in thousands. There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

	Number of Shares
Shares at inception, 26 April 2019	1
Shares issued and fully paid	—
Shares redeemed	—
Shares outstanding, 31 December 2019	1

	Number of Shares
Shares outstanding, 1 January 2020	1
Shares issued	4,800,000
Shares redeemed	—
Shares outstanding, 31 December 2020	4,800,001

NOTE 5

Operating Expenses

	For the period ended 31 December	
	2020	2019
Audit services pursuant to legislation	\$ 39	\$ 32
Allocated staff costs	43	17
Corporate tax compliance	93	10
Other expenses	56	13
Net foreign exchange loss	2	—
Total operating expenses	\$ 233	\$ 72

NOTE 6

Taxation

For the year ended 31 December 2020, the standard rate of corporation tax in the UK was 19% (2019: 19%).

Notes to Financial Statements

(Expressed in U.S. dollars in thousands)

Factors Affecting Tax Charge for the Year/Period

Corporate income tax has been calculated based on the results for the year/period and the resulting taxation charge is as follows:

	For the period ended 31 December	
	2020	2019
Profit on ordinary activities before tax	\$ 989	\$ 65
Profit before tax multiplied by standard rate of corporation tax in the UK	188	12
Foreign exchange differences	16	—
Adjustments in respect of prior years	2	—
Income tax expense	\$ 206	\$ 12

NOTE 7

Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. Management attempts to monitor and manage these risks on an ongoing basis.

Market Risk

Categories of market risk include, but are not limited to, exposures to interest rates. Risks are managed at the Company level by the Directors and their delegates with the market risk function centralised at the parent entity level.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. The Company's exposure to interest rate risk is limited to cash balances held and its borrowing and lending agreements. The Company does not consider its exposure to interest rate risk to be significant given that it maintains a balanced loan portfolio and both its borrowing and lending agreements reference the same benchmark interest rate.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has credit risk exposure on the loans it has advanced to related parties (see note 8). All of the loans are with subsidiaries of CSHP, which is also the parent undertaking of the largest group of undertakings to consolidate the Company. As such, there is no credit risk exposure to any external counterparty on its lending activity.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are cash balances at bank and amounts due from affiliates.

Management measures credit risk and expected credit losses using probability of default, exposure to default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. No impairment loss has been recognised as the probability of default for affiliates is minimal.

In addition, the cash account balance held at a major financial institution subjects the Company to a concentration of credit risk. Management attempts, where possible, to mitigate the credit risk that exists with this account balance by managing the amount of cash the Company has on deposit with banks and other globally recognised financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial liabilities as they fall due.

The tables below analyse the Company's financial liabilities maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts are the contractual undiscounted cash flows, which approximate fair value. The Company seeks to align the maturity of all intercompany loans in order to manage the liquidity risk on its financing activities.

	Less than 1 month	Greater than 1 month
At 31 December 2020		
Due to affiliates	\$ (1,852)	\$ (982,649)
Tax payable	—	(205)
Accrued expenses	(39)	—
Contractual cash outflows	\$ (1,891)	\$ (982,854)

	Less than 1 month	Greater than 1 month
At 31 December 2019		
Due to affiliates	\$ (691)	\$ (216,100)
Tax payable	—	(12)
Contractual cash outflows	\$ (691)	\$ (216,112)

Other Risks

The Company is exposed to the risk that the transition from LIBOR and other interbank-offered based reference rates may lead to increased volatility and illiquidity in markets or investments that are tied to these rates which could adversely affect the Company's performance. The risk of any pricing adjustments required in connection with the transition is largely mitigated by the fact that all of its LIBOR linked loans have incorporated the same LIBOR cessation fallback arrangements. In addition, the Company plans to roll all of its loans receivable and payable from LIBOR to the Secure Overnight Financing Rate ("SOFR") benchmark during 2021. The intention is to roll all the loans on the same date so as to avoid any interest rate risk.

The Company is subject to risks associated with unforeseen or catastrophic events, including terrorist attacks, natural disasters, and the emergence of a pandemic, which could create economic, financial, and business disruptions. These events could lead to operational difficulties that could impair management's ability to manage the Company's activities. Management manages this risk through continuity and resiliency planning. As an example, during 2020, COVID-19 developed rapidly. Management managed the Company's activities and economic impacts through 31 December 2020. Given the uncertainty of COVID-19 outcomes, the future impacts are currently not quantifiable and could materially adversely affect the Company and its activities.

Notes to Financial Statements

(Expressed in U.S. dollars in thousands)

NOTE 8

Transactions with Related Parties

Expenses

Pursuant to an administrative services agreement, the Company reimburses CEAMER and its affiliates for direct and allocable administrative, general and operating expenses paid by these entities on behalf of the Company. For the year ended 31 December 2020, the direct and allocable expenses were \$157 (2019: \$43) and \$74 (2019: \$29), respectively, and are included in operating expenses on the statement of comprehensive income. As of 31 December 2020, the Company had a combined payable to CEAMER and its affiliates of \$23 (2019: \$71), which is included in due to affiliates on the statement of financial position. The Company had a receivable from CEAMER of \$27 (2019: nil), which is included in due from affiliates on the statement of financial position. Staff are not employed directly by the Company and are instead employed by affiliates.

Loans

As at 31 December 2020, the Company had loans and advanced and outstanding with the following related parties; Citadel Securities LP ("CSLP"), Citadel Securities China Limited ("CSCC"), Citadel Securities Korea Limited ("CSKR"), Citadel Securities Arbitrage Trading Limited, ("CSAR"), Citadel Securities Asia Trading Limited ("CSTA"), Citadel Securities Taiwan Limited ("CSTW"), CRBH Holdings Ltd. ("CRBL"), Citadel Securities Financial Trading (Ireland) Designated Activity Company ("CSFT"), CSHC Ireland Ltd. ("CSRH"), Citadel Securities Japan Limited ("CSJP") and CSAHL. The interest rates on all loans are benchmarked annually. The maturity of each loan agreement is reviewed regularly and extended if required. As of 31 December 2020, the Company has outstanding principal amounts and accrued interest for its borrowing and lending agreements in due to affiliates and due from affiliates, respectively, on the statement of financial position. The table below discloses the significant terms and financial information associated with the Company's borrowing and lending agreements as of 31 December 2020.

At 31 December 2020

Borrowing Agreements

Counterparty	Total Commitment	Outstanding Principal	Accrued Interest
CRBL	\$ 750,000	\$ 665,691	1,372
CSTA	500,000	113,439	251
CSFT	500,000	104,845	13
CSTW	500,000	34,803	65
CSKR	500,000	30,312	50
CSAR	500,000	13,007	—
CSAHL	500,000	10,320	—
CSRH	100,000	10,232	78
Total	\$	982,649	\$ 1,829

Lending Agreements

Counterparty	Total Commitment	Outstanding Principal	Accrued Interest
CSLP	\$ 1,000,000	\$ 754,995	1,285
CSJP	600,000	145,657	362
CSCC	300,000	30,440	68
CSFT	500,000	—	—
CSAHL	500,000	—	7
CSAR	300,000	—	10
Total	\$	931,092	\$ 1,732

Notes to Financial Statements

(Expressed in U.S. dollars in thousands)

At 31 December 2019

Borrowing Agreements

Counterparty		Total Commitment		Outstanding Principal		Accrued Interest
CSAHL	\$	500,000	\$	80,100	\$	273
CSLP		700,000		63,000		183
CSCC		500,000		50,000		89
CSKR		500,000		23,000		74
Total			\$	216,100	\$	619

Lending Agreements

Counterparty		Total Commitment		Outstanding Principal		Accrued Interest
CSAR	\$	300,000	\$	216,000	\$	694
CSKR		100,000		—		—
Total			\$	216,000	\$	694

NOTE 9

Subsequent Events

The Company has performed an evaluation of subsequent events through 22 April 2021, which is the date the financial statements were available to be issued. The Company is not aware of any subsequent events that require disclosure in the financial statements.

NOTE 10

Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2021.