

Registered number: OC315800

Creditex Brokerage LLP

Financial Statements

For the Year Ended 31 December 2018



Creditex Brokerage LLP

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Oath of affirmation

I, Duncan Moyle affirm that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the form of Creditex Brokerage LLP as at 31 December 2018, are correct.

A handwritten signature in black ink, appearing to read 'Duncan Moyle', with a long horizontal flourish extending to the right.

D. Moyle
For and on behalf of Creditex UK Limited
Director of Creditex UK Limited

Creditex Brokerage LLP

Members' Report

For the Year Ended 31 December 2018

The Members present their annual report together with the audited financial statements of Creditex Brokerage LLP ('the Partnership') for the year ended 31 December 2018.

Principal activities

The principal activity of the Partnership is to provide electronic trade execution to regulated financial institutions in the UK, certain European countries, the United States, emerging markets and the Asia Pacific area operating in the credit derivatives and fixed income markets. The Partnership also acts as an arranging firm in connection with auctions run by ICE Benchmark Administration Limited in relation to commodities. The Partnership's ultimate parent and controlling entity is Intercontinental Exchange, Inc., ('ICE'), a corporation registered in Delaware, United States. Related entities in these financial statements refer to members of the ICE Group of companies ('the Group').

The Partnership is authorised by the Financial Conduct Authority ('FCA') to act as a MiFID Investment Firm. The Partnership is also recognised by the Monetary Authority of Singapore as a recognised market operator pursuant to section 8(2) of the Singapore Securities and Futures Act and is registered as an introducing broker with the U.S. Commodity Futures Trading Commission. It is also a member of the National Futures Association. The Partnership is exempted from the requirement to hold an Australian Markets License and Australian Financial Services License for the provision of a trading platform in Australia under the relevant regulations of the Australian Securities and Investment Commission, and is authorised by the Financial Market Supervisory Authority to operate as a foreign alternative trading system in Switzerland. From 3 January 2018, the Partnership no longer acts as the matched principal counterparty for bond transactions executed on the Multilateral Trading Facility it operates. This activity is now performed by ICE Markets Limited.

Designated Members

The designated members of the Partnership who served during the year were as follows:

- Creditex UK Limited ('the corporate member' and 'the managing member')
- Creditex Brokerage Holdco Limited

Transactions with members

Each member shall receive, on a monthly basis, a sum as agreed from time to time by the managing member, such amount being 'base drawings'.

The profits or losses shall be allocated amongst the members as follows:

- each member shall be allocated a sum equal to the amount of base drawings received by them;
- the balance of the profits or losses shall be allocated to the corporate member

Share of profits or losses is not linked to the capital contributions made by members. Each member's capital contribution is repayable upon the member's retirement from the Partnership.

Creditex Brokerage Holdco Limited was approved by the managing member, as a member of the Partnership with no capital contribution or base drawings.

**Members' Report (continued)
For the Year Ended 31 December 2018**

Risk management

Risk is an inherent part of the Partnership's business activity and is managed within the context of the ICE UK Group's business activities by ICE Futures Europe, a fellow ICE Group subsidiary company. ICE Futures Europe provides services to the ICE UK Group to monitor and manage various types of risks, including market and liquidity risk, through defined policies, procedures and control mechanisms.

Credit risk

Credit risk is the risk that customers will fail to honour their agreed obligations and will fail to perform under their contractual commitments in relation to services provided by the Partnership. The Partnership faces limited direct credit risk, as a high proportion of its revenues are collected by a fellow subsidiary, ICE Markets Limited. The maximum exposure to credit risk is equal to the carrying value of the Partnership's assets.

Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The members do not believe there is a significant exposure to liquidity risk due to the nature and amount of liabilities held.

Market risk

Market risk arises from adverse movements in foreign exchange rates, interest rates and bond prices. The members do not believe that there is a significant exposure to market risk due to the nature of the Partnership's operation. The firm operates a multilateral trading facility where a related party, ICE Markets Limited, acts as the matched principal counterparty on all transactions executed on the multilateral trading facility.

The Partnership has complied with all externally imposed capital requirements.

Results and dividends

The Partnership exists to support the wider ICE Group's business activities. As such, management monitors the Partnership's performance as part of the ICE Group as a whole through the compilation and review of various financial and operational key performance indicators.

The Partnership has net assets attributable to members of £2,169,000 (2017: £1,416,000).

Future developments

In March 2017, the U.K. officially triggered Article 50 and notified the EU of its intention of leaving the EU following the U.K.'s June 2016 referendum vote to leave the EU (commonly known as Brexit). The triggering of Article 50 begins the process of withdrawal from the EU, which will last two years unless extended by the unanimous decision of Member States or withdrawn by the U.K. prior to the end of the two-year withdrawal period. In November 2018, the U.K and the 27 other countries involved in Brexit negotiations, commonly referred to as the EU27, agreed upon the terms of a withdrawal agreement which sets out the terms of the U.K.'s withdrawal from the EU and includes a transitional period until 31 December 2020, during which EU law will continue to apply in and to the U.K. The withdrawal agreement will need to be ratified by the EU and the U.K. before it can enter into force and ratification is uncertain. The impact to the Partnership and corresponding regulatory changes remain uncertain at this time.

The Partnership has applied for Automated Trading Services authorisation with the Hong Kong Securities and Futures Commission to offer its Multilateral Trading Facility and clearing screen in Hong Kong.

The Partnership has also submitted an application to the Australian Securities and Investments Commission for an Overseas Australian Market Licence.

Creditex Brokerage LLP

Members' Report (continued) For the Year Ended 31 December 2018

Disclosure of information to auditors

The Members at the time when this Members' Report is approved have confirmed that:

- so far as that Member is aware, there is no relevant audit information of which the Partnership's auditors are unaware, and
- that Member has taken all the steps that ought to have been taken as a Member in order to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the Members on 27 March 2019 and signed on their behalf by:


D. Moyle
For and on behalf of Creditex UK Limited
Director of Creditex UK Limited

**Members' Responsibilities Statement
For the Year Ended 31 December 2018**

The Members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Limited Liability Partnership law requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law as applicable to limited liability partnerships the Members 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 Partnership and of the profit or loss of the Partnership for that period.

In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The Members are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to limited liability partnerships. The Members are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the protection and detection of fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. These responsibilities are exercised by the designated members on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDITEX BROKERAGE LIMITED LIABILITY PARTNERSHIP ('LLP')

Opinion

We have audited the financial statements of Creditex Brokerage LLP for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Reconciliation of Members' Interests, the related notes 1 to 15, including a summary of significant accounting policies, and the Supplementary information as required by the Commodity Exchange Act (17 CFR 1.10). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2018 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 below. We are independent of the limited liability partnership 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 other 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 opinion.

Conclusions relating to going concern

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

- the members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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 other information comprises the information included in the annual report set out on pages 1 to 2, other than the financial statements and our auditor's report thereon. The members are responsible for the other information

Our opinion on the financial statements does not cover the other information and 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 the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the the Companies Act 2006 as applied to limited liability partnerships 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
- ▶ we have not received all the information and explanations we require for our audit

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members 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 members 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership 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 <https://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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andrew Bates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 March 2019

Creditex Brokerage LLP

**Statement of Comprehensive Income
For the Year Ended 31 December 2018**

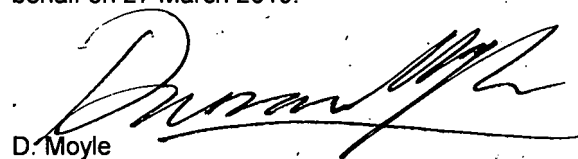
	Note	2018 £000	2017 £000
Turnover	2	<u>93</u>	<u>208</u>
Gross profit		93	208
Other operating income	3	-	90
Administrative expenses		(1,019)	(1,082)
Impairment of receivables		-	(471)
Decrease in provision for VAT	12	<u>129</u>	<u>97</u>
Operating loss	4	(797)	(1,158)
Interest receivable and similar income		<u>9</u>	<u>1</u>
Loss before tax		(788)	(1,157)
Loss for the year before members' remuneration and profit shares		(788)	(1,157)
Loss for the year before members' remuneration and profit shares		(788)	(1,157)
Members' remuneration recognised as income		<u>788</u>	<u>1,157</u>
Results for the year available for discretionary division among members		-	-

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

Balance Sheet
As at 31 December 2018

	Note	2018 £000	2017 £000
Current assets			
Debtors: amounts falling due within one year	8	105	928
Cash at bank and in hand	9	2,300	1,075
		<u>2,405</u>	<u>2,003</u>
Creditors: Amounts Falling Due Within One Year	10	(193)	(184)
Net current assets		<u>2,212</u>	<u>1,819</u>
Total assets less current liabilities		<u>2,212</u>	<u>1,819</u>
Provisions for liabilities			
Other provisions	12	(43)	(403)
		<u>(43)</u>	<u>(403)</u>
Net assets		<u><u>2,169</u></u>	<u><u>1,416</u></u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		1,629	876
		<u>1,629</u>	<u>876</u>
Members' other interests			
Other reserves classified as equity	540	540	540
		<u>2,169</u>	<u>1,416</u>
Total members' interests			
Loans and other debts due to members		1,629	876
Members' other interests		540	540
		<u>2,169</u>	<u>1,416</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 27 March 2019.



D. Moyle
For and on behalf of Creditex UK Limited, Director of Creditex UK Limited

The notes on pages 11 to 16 form part of these financial statements.

Creditex Brokerage LLP

Reconciliation of Members' Interests For the Year Ended 31 December 2018

	EQUITY Members' other interests		DEBT Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Other reserves £000	Total £000	Members' capital classified as a liability £000	Total £000	Total £000
Balance at 1 January 2017	540	540	2,060	2,060	2,600
Allocated loss for the year	-	-	(1,157)	(1,157)	(1,157)
Other movements	-	-	(27)	(27)	(27)
Balance at 31 December 2017	540	540	876	876	1,416
Allocated loss for the year	-	-	(788)	(788)	(788)
Capital introduced	-	-	1,500	1,500	1,500
Other movements	-	-	41	41	41
Balance at 31 December 2018	540	540	1,629	1,629	2,169

In the event of wind up, Loans and other debts due to members rank equally with other unsecured creditors.

There is no protection afforded to other creditors in such an event which is legally enforceable and cannot be revoked solely by a decision of the Members. There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies

1.1 Basis of preparation of financial statements

Creditex Brokerage LLP is a limited liability partnership incorporated in England and Wales. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ('FRS 102'), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies.

The following principal accounting policies have been applied.

1.2 Disclosure exemptions - FRS 102

The Partnership has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Intercontinental Exchange, Inc. as at 31 December 2018 and these financial statements may be obtained from www.theice.com.

The financial statements are presented in pounds sterling, which is the Partnership's functional and presentational currency. All amounts are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

1.3 Going concern

The members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future; thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The managing member has committed to provide financial support if necessary, including the further utilisation of members capital if and when required.

1.4 Turnover

Turnover, which represents commissions receivable for providing electronic trade execution services, net of trade discounts, VAT and other sales related taxes, is recognised as earned, which is typically when broker trades are executed. (2017: Turnover, which represents amounts receivable for brokerage services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes, is recognised as earned, which is typically when broker trades are executed.)

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies (continued)

1.5 Cash at bank

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

1.6 Financial instruments

The Partnership only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Debt instruments that are payable or receivable within one year, typically trade receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

1.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Partnership a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Partnership becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. Accounting policies (continued)

1.9 Members' interests and current debts due from members

Members may subscribe capital to the Partnership based on the partnership deed. The managing member determines the capital contribution required on the admission of new members. Members' capital is repayable at par less any allocated losses, together with other amounts owed, upon retirement from the Partnership. Members may retire from the partnership with less than one year's notice, so these amounts have been classed as current.

Profits and losses are automatically allocated to members and are therefore presented as an expense or income in the period in which the profits or losses arise.

2. Turnover

Turnover, which is stated net of value added tax, is derived from the continuing business of the Partnership and comprises amounts receivable in respect of services provided in the ordinary course of the Partnership's operations. The turnover is from one class of business with the geographical markets being the United Kingdom in the current year, and the United Kingdom and Singapore in the previous year.

3. Other operating income

	2018 £000	2017 £000
Release of accrual for payments to members	-	90
	<u>-</u>	<u>90</u>

4. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Exchange differences	15	66
	<u>15</u>	<u>66</u>

5. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Partnership's auditor and its associates for the audit of the Partnership's annual accounts	60	67
Fees payable to the Partnership's auditor and its associates in respect of all other services	18	11
	<u>78</u>	<u>78</u>

Creditex Brokerage LLP

Notes to the Financial Statements For the Year Ended 31 December 2018

6. Employees

The Partnership has no employees.

7. Information in relation to members

	2018 Number	2017 Number
The average number of members during the year was	2	2
	<u>2</u>	<u>2</u>
	2018 £000	2017 £000
The average members remuneration during the year was	(788)	(1,157)
	<u>(788)</u>	<u>(1,157)</u>

8. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	89	911
Other debtors	16	17
	<u>105</u>	<u>928</u>

9. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,300	1,075
	<u>2,300</u>	<u>1,075</u>

Creditex Brokerage LLP

Notes to the Financial Statements For the Year Ended 31 December 2018

10. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	27	96
Accruals	166	88
	<u>193</u>	<u>184</u>

All creditors are unsecured; there are no liabilities subordinated to the claims of general creditors (2017: nil).

11. Financial instruments (excluding balances with members)

	2018 £000	2017 £000
Financial assets		
Financial assets measured at amortised cost	<u>2,389</u>	<u>1,985</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,822)</u>	<u>(1,060)</u>

Risk is an inherent part of the Partnership's business activity and is managed within the context of the ICE UK Group's business activities. The ICE UK Group monitors and manages various types of risks, including market and liquidity risk, through defined policies, procedures and control mechanisms.

None of the financial assets are either past due or impaired.

All financial assets and liabilities are held at amortised cost. Management considers the book value to be equal to fair value.

All financial liabilities are repayable on demand.

12. Provisions

	Other provisions £000
At 1 January 2018	403
Payments made in the year	(231)
Credited to the profit or loss	(129)
At 31 December 2018	<u>43</u>

The Partnership has recognised provisions for future expected VAT related payments, including interest and penalties of £8,000 (2017: £73,000). The Partnership expects to settle these amounts during 2019.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

13. Ultimate parent undertaking and controlling party

The Partnership's immediate parent company is Creditex UK Limited, a company incorporated and registered in England and Wales. The ultimate parent company and controlling entity is Intercontinental Exchange, Inc., a corporation registered in Delaware, United States.

The Partnership's financial statements have been included in the group financial statements of the ultimate parent company, Intercontinental Exchange, Inc.

The group financial statements of Intercontinental Exchange, Inc., may be obtained from the website www.theice.com and copies of the financial statements of Intercontinental Exchange, Inc. can be obtained at 5560 New Northside Dr, 6th Floor, Atlanta, Georgia, U.S.A. 30328.

14. Registered office

The registered office of the Partnership is:

Milton Gate
60 Chiswell Street
London
EC1Y 4SA
United Kingdom

15. Pillar 3 Disclosures

The Partnership is authorised by the UK Financial Conduct Authority and is required under the applicable regulations to publish its 'Pillar 3 Disclosures'. These can be found at the following website: <https://www.theice.com/publicdocs/creditex/Pillar3.pdf>, in the case of the Partnership.

Schedule I

Creditex Brokerage LLP

Statement of the Computation of the Minimum Capital Requirements as at 31 December 2018

	2018 £000	2018 \$000*
Current assets	2,300	2,934
Total liabilities	(236)	(300)
Net Capital	<u>2,064</u>	<u>2,634</u>
Charges against net capital		(172)
Total charges		<u>(172)</u>
Adjusted net capital		2,462
Minimum dollar amount		(45)
Excess net capital		<u><u>2,417</u></u>
Reconciling items between audited Net Capital Computation and unaudited filing:		
Increase in accrued liabilities for late invoice received		42
Increase in charge against inventory for late invoice received in foreign currency		9
Excess net capital per unaudited filing		<u><u>2,468</u></u>

* GBP:USD forex rate 31/12/18 1.2756

Schedule II

Creditex Brokerage LLP

Reconciliation of the Balance Sheet to the Statement of the Computation of the Minimum Capital Requirements as at 31 December 2018

	2018 £000	2018 \$000*
Total assets per statement of financial condition (balance sheet)	2,405	3,068
Deductions: Assets not allowed as net capital under section 1.17 of the regulations under the Commodity Exchange Act (Cash at bank and in hand and Other amounts due from members)	<u>(105)</u>	<u>(134)</u>
Current assets under CFTC Regulation 1.17	<u>2,300</u>	<u>2,934</u>
Total liabilities per statement of financial condition (balance sheet)	(236)	(300)
Other amounts due to members (balance sheet)	-	-
Liabilities under CFTC Regulation 1.17	<u>(236)</u>	<u>(300)</u>

* GBP:USD forex rate 31/12/18 1.2756

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by CFTC Regulation 1.16

The Board of Directors and Management of Creditex Brokerage LLP.

In planning and performing our audit of the financial statements of Creditex Brokerage LLP (the Partnership) as of and for the year ended 31 December 2018, in accordance with International Standards on Auditing (UK) (ISAs (UK)), we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Partnership, including consideration of control activities for safeguarding customer and firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. Because the Partnership is an introducing broker, we did not review the practices and procedures followed by the Partnership in making the following:

1. The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations
2. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC

The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the CFTC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding customer and firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for their purposes in accordance with the Commodity Exchange Act and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures, as described in the second paragraph of this report, were adequate at 31 December 2018, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the CFTC, the National Futures Association, other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of registered introducing brokers, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

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28 March 2019