RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED
(REGISTERED NUMBER: 3127076)

Directors' Report and Accounts
for the Year Ended 30 September 2009

Raymond James Financial International Limited

Directors' Report
for Year Ended 30 September 2009

Contents **Page**

Raymond James Financial International Limited

Directors' Report
for Year Ended 30 September 2009

DIRECTORS AND ADVISERS

Company Registered No.	3127076
Registered Office	Bishopsgate Court 4-12 Norton Folgate London, E1 6DB
Directors	Paul Steinhauser Jeff Trocin
Company Secretary	John Critchlow
Auditor	KPMG Audit Plc 8 Salisbury Square, London, EC4Y 8BB

Raymond James Financial International Limited

Directors' Report
for Year Ended 30 September 2009

The Directors submit to the Shareholders their report and accounts for the year ended 30 September 2009.

Principal Activities and Business Review

The company is ordinarily engaged in the agency broking of transactions in primarily US equity securities with a targeted base of institutional customers. The company also earns interest on its cash and investment balances.

Performance of the company is measured with the following Key Point Indicators (KPIs).

- Commissions generated by individual brokers
- Commissions generated by individual clients
- Number of new accounts opened
- Number of existing accounts closed

As with all businesses, the company faces a number of operating risks. This year the company's turnover has been primarily affected the global economic downturn and by the increasingly weak US Dollar versus European currencies, making US equities less attractive as investments.

Going Concern Basis

The Directors consider it appropriate to prepare these financial statements on a going concern basis as the Shareholder has provided a 'Letter of Comfort' which acknowledges their requirement to continue to fund the Company's Capital needs (*please see note 8*).

Results

The loss for the year was $1,296,022 (2008- loss $254,257) which has been transferred to reserves. The Directors have not proposed or paid any dividend during or in respect of the year (2008- $ nil).

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Raymond James Financial International Limited

Directors' Report
for Year Ended 30 September 2009

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

In accordance with the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of Information to Auditors

The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they each are aware, there is no relevant audit information of which the company's auditor are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

Paul Steinhauser
Director
20th January 2010

4-12 Norton Folgate
London
E1 6DB

Independent auditors' report to the members of Raymond James Financial International Limited

We have audited the financial statements of Raymond James Financial International Limited for the year ended 30 September 2009. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we required for our audit.

Anthony Kennedy
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Canada Square
Canary Wharf
London
E145AG

15th January 2010

Raymond James Financial International Limited

Profit and Loss Account
for the Year Ended 30 September 2009

	Note	2009 USD	2008 USD
Turnover	1	919,336	2,038,953
Cost of sales	1	(403,935)	(1,738,752)
Gross profit		515,401	300,201
Administrative expenses	3	(1,822,662)	(625,773)
Operating loss		(1,307,261)	(325,572)
Interest receivable	1	11,239	71,315
Loss on ordinary activities before taxation	2	(1,296,022)	(254,257)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	6, 7	(1,296,022)	(254,257)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 11 form part of these accounts.

Raymond James Financial International Limited

Balance Sheet

As at 30 September 2009

	Note	30 September 2009 USD	30 September 2008 USD
Current assets			
Cash at bank		2,456,934	1,789,971
Short term investment		1,732	1,727
Amounts owed by group undertakings		15,175	9,551
		2,473,841	1,801,249
Creditors – Amounts falling due within one year			
Amounts owed to group undertakings		-	(272,590)
Accruals	5	(303,194)	(62,390)
		(303,194)	(334,980)
Net assets		2,170,647	1,466,269
Capital and reserves			
Called up share capital	6	3,108,292	1,107,892
Share premium account	6	318,687	318,687
Profit and loss account	6	(1,256,332)	39,690
Total shareholders' funds	7	2,170,647	1,466,269

The financial statements were approved by the Board of Directors and signed on their behalf by

Paul Steinhauser
Director
20th January 2010

The notes on pages 6 to 9 form part of these accounts.

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with group entities.

Turnover

Turnover constitutes commission income generated from stockbroking activities, which is recognised at trade date.

Cost of sales

Cost of sales constitutes commission expense payable to the agents and clearing costs payable to Raymond James and Associates, Inc.

Interest income

Interest income is accounted for on an accrual basis.

Cash Flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is only recognised to the extent that it is regarded as recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. The directors do not believe that there are any such timing differences at the balance sheet date.

2. Profit on ordinary activities before taxation

	2009	2008
	USD	USD
Loss on ordinary activities before taxation is after charging:		
Auditors' remuneration		
- Audit	65,000	62,390

3. Directors' Remuneration and Staff Costs

The directors are employees of another member company (Raymond James & Associates, Inc.) and are paid by this principal employer. Each director receives USD 1,000 as compensation for their services on the board. The average number of employees during the year was 4 (2008:1). Wages and salaries for the year amounted to USD 790,822 (2008: USD 50,313). Social security costs were USD 61,980 (2008: USD 6,810).

4. Taxation

	2009	2008
	USD	USD
Current tax:		
UK Corporation tax on (credit) or loss for the year	(362,886)	(76,277)

	2009	2008
Current tax reconciliation	USD	USD
(Loss) on ordinary activities before tax	(1,296,022)	(254,257)
(Loss) on ordinary activities multiplied by the standard rate of corporation tax In the UK of 28% (2008: 29%)	(362,886)	(76,277)
Total tax credit (see above)	(362,886)	(76,277)

The UK Corporation tax for the year ended 30 September 2009 was 28%. (2008: The tax rate of 29% is based on the UK tax rate of 30% which applied for the first six months of the year, and the reduced rate of 28% which applied during the remaining 6 months of the year.)

There is no change for UK corporation tax in respect of the year (2008- nil) as there are no taxable profits. The company has tax losses carried forward or which no deferred tax asset has been recognised. Under FRS 14, such deferred tax assets should only be recognised when it is more likely than not that future profits will be generated to utilise these losses.
The company is not in a position to quantify with certainty the likelihood of when they will generate taxable profits in excess of the tax losses carried forward.

Factors that may affect future tax changes

There were no factors that may affect future tax changes.

5. Accruals:

	2009	2008
	USD	USD
Bonus Payable	183,333	-
Commissions Payable	24,861	-
Accounting Fees Payable	65,000	62,390
Miscellaneous Payable	30,000	-
	303,194	62,390

6. Share Capital and Reserves

	Called up Share Capital	Share Premium Account	Profit and Loss Account
	USD	USD	USD
At 30 September 2008	1,107,892	318,687	39,690
Issuance of Share Capital	2,000,400	-	-
Loss for the year	-	-	(1,296,022)
At 30 September 2009	**3,108,292**	**318,687**	**(1,256,332)**

Authorised share capital is represented by 80,000 ordinary shares of GBP 50 each (2008: 20,000).

Issued share capital is represented by 36,947 ordinary shares of GBP 50 each (2008: 12,247).

Authorised share capital was increased by 60,000 ordinary shares of GBP 50 each on 29 May 2009 by the Company's Board of Directors. The increase in share capital was authorised in response to the company's group parent undertaking considering merging affiliate undertakings located in the UK.

On 29 May 2009 the Company's Board of Directors also authorised the allotment of 12,500 ordinary shares to the company's sole member to provide a capital cushion above the company's minimum capital requirements.

On 24 September 2009 the Company's Board of Directors authorised the allotment of12,200 ordinary shares to the company's sole member to provide a capital cushion above the company's minimum capital requirements.

7. Reconciliation of Movements in Shareholders' Funds

	2009 USD	2008 USD
Opening shareholders' funds	**1,466,269**	1,720,526
Issuance of Share Capital	**2,000,400**	-
Share Premium	**-**	-
Loss for the year	**(1,296,022)**	(254,257)
Closing shareholders' funds	**2,170,647**	1,466,269

8. Parent Companies

The immediate parent company is Raymond James International Holdings, Inc. The ultimate parent company is Raymond James Financial, Inc. registered in the United States (Florida). Group accounts in respect of these companies may be obtained from the Company Secretary 4-12 Norton Folgate, London E1 6DB.

The parent company has provided a 'Letter if Comfort' which acknowledges the requirement to continue to fund the Company's Capital needs.

9. Post Balance Sheet Event

There have been no post Balance Sheet Events.

10. Related party transactions

As the company is a wholly owned subsidiary of Raymond James Financial, Inc. for which consolidated accounts are publicly available, it is exempt from the disclosure requirements of FRS8 in respect of transactions with other entities within the Raymond James group.

Raymond James Financial International Limited

Appendix A – Pillar III Disclosures - Unaudited

Introduction

The company is classified as a Limited Licence £50,000 firm and, as such, is required to comply with the three "Pillars" of the Capital Requirements Directive. These are:

- Pillar 1, which sets out the minimum amount of capital that the company needs to meet its basic regulatory obligations;

- Pillar 2, which requires the company to calculate how much (if any) additional capital it needs to maintain to mitigate other prudential risks (e.g. credit risk, market risk and operational risk) that are specific to the company;

- Pillar 3, which requires the company to disclose to market participants key information about the company's underlying risks, risk management controls and capital position.

The rules allow for firms to omit certain information, in specifically-defined circumstances, where a disclosure contains information that is immaterial, proprietary or confidential. **The company confirms that it has NOT omitted any disclosures on these grounds.**

Risk Management Policies and Objectives

Where possible, the company seeks to manage all of the risks that arise from its operations. The company has devised a prudential risk management framework that is appropriate to its size, scope and operations. The risk management framework identifies the key prudential risks faced by the company, and reports them to the board of directors, which then determines the company's risk appetite, and ensures that an appropriate amount of capital is maintained. Other risk management information is collected, reviewed, and where appropriate, acted upon as part of established internal procedures.

A summary of the key risks that have been identified by the company, and their mitigants, is given below:

1. Business Risk
    - Market correction due to economic factors and/or a geopolitical event: Mitigated by the retention of appropriate capital resources, which are determined on the basis of stress testing, sensitivity testing and modelling;
    - Loss of key staff: Mitigated by the maintenance of competitive staff compensation, measured by benchmarking with our peers.
    - Loss of key clients: Mitigated by diversification of clients and servicing clients with sales teams rather than one individual sales associate.

2. Counterparty Risk
    - Failure of a client to complete a dealing transaction: Mitigated by the credit analysis undertaken by the company as part of the company's account opening process and period review of clients.

3. Currency Risk
    - Company's loss of income due to currency fluctuations: Mitigated by maintaining sufficient cash reserves to absorb currency fluctuations.

Risk Management Function

Given the size and scope of the company's business activities, the company does not have a dedicated risk management function. Instead, responsibility for risk management is divided between the board of directors, the London Operating Committee (a committee established by the board consisting of board members and non-board senior managers within the company's group each of whom is involved in the company's day to day business activities) and senior managers of the company. The company's internal capital adequacy assessment process is commissioned and approved by the Board on at least an annual basis.

Capital Resources

Capital is held to ensure that a suitable operating margin is maintained in excess of the higher of Pillar 1 and Pillar 2 capital requirements. Pillar 2 capital requirements are determined using a risk-based approach that explicitly takes into account management's view of specific risk exposures.
Pillar 1 capital requirements are the greater of:

- Base capital requirement of €50,000; or
- The sum of market and credit risk requirements; or
- The Fixed Overhead Requirement

The company has determined that, as at 30 September 2009, the Fixed Overheads Requirement established our Pillar 1 capital requirements. The company's capital resources are comprise entirely share capital, share premium, audited reserves and a material net interim loss.

Tier 1, Tier 2 and Tier 3 capital of the firm as at 30 September 2009 is as set out below:

	Tier 1 Capital (£'000)
Gross	2,171
Less Innovative Tier 1 capital	-
Deductions	-
Net	2,171
	Tier 2 Capital (£'000)
Gross	-
Plus Innovative Tier 1 capital Deductions	-
Net	-
	Tier 3 Capital (£'000)
Gross	-
Net	-
	Total Capital (£'000)
Gross *	2,171
Deductions	-
Net	2,171

* net of deductions in GENPRU 2.2 and limits laid down in GENPRU 2.2.25R to 30R and GENPRU 2.2.42R to 50R.

Integration into Business Strategy

Our current primary objectives are:

- To continue to operate in the EU market undertaking agency dealing with professional and eligible counterparty clients;
- To increase, the size of our operations through organic growth;
- To achieve economies of scale that will allow us to operate profitably, thereby providing a return to our shareholders.

We intend to maintain sufficient capital resources to allow us to achieve these objectives whilst meeting our regulatory obligations. Accordingly, our Internal Capital Adequacy Assessment Process (**'ICAAP'),** which considers the prudential risks that we are exposed to, is undertaken on at least an annual basis and reviewed and approved by the firm's governing body to ensure that there is sufficient capital within the firm to meet our future plans and anticipated risks.