

Jump Trading International Limited

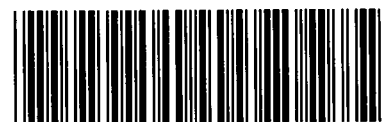
REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2018

Company Registration No. 05976015

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COMPANIES HOUSE

Jump Trading International Limited

DIRECTORS AND ADVISERS

DIRECTORS

Peter Deaner
Colleen Hickey
Marcelena Holmes
Rupert Godber

SECRETARY

Certagent Limited
10 Chiswell Street
London
EC1Y 4UQ

REGISTERED OFFICE

11th Floor
One, London Wall
London
EC2Y 5EA

FCA NUMBER

464314

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Jump Trading International Limited

DIRECTORS' REPORT

(Expressed in U.S. dollars in thousands unless otherwise stated)

The directors submit their report and the audited financial statements of Jump Trading International Limited for the year ended 31 December 2018.

RESULTS FOR THE YEAR AND DIVIDENDS

The profit for the financial year was \$56,334 (2017: \$23,100). Dividends paid for the year ended 31 December 2018 were \$32,500 (2017: \$0).

A review of the Company's business and future developments, the principal risks and uncertainties facing the Company and its performance against its key performance indicators are set out in the Strategic Report.

MATTERS OF STRATEGIC IMPORTANCE

The Company has chosen in accordance with s. 414C(11) of the Companies Act 2006 to set out in the Company's Strategic Report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments.

POST BALANCE SHEET EVENTS

The Company has performed an evaluation of events that have occurred subsequent to 31 December 2018. As at 10 April 2019, trading that was deemed to be impacted by United Kingdom's exit from the European Union ("EU") has been transitioned to a newly formed Dutch affiliate of the Company. There have been no additional material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the financial statements as of December 31, 2018.

BRANCHES OUTSIDE THE UK

The Company maintains branch locations in Ireland and Portugal. For the first 10 months of 2018, the Company also maintained a U.S. branch.

FINANCIAL RISK MANAGEMENT

Please refer to Note 18 accompanying the financial statements.

DIRECTORS

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

Peter Deaner
Colleen Hickey
Marcelena Holmes
Rupert Godber

QUALIFYING THIRD PARTY INDEMNITY INSURANCE

Directors and officers of the Company are covered by the directors and officers insurance policy that the ultimate parent company has in place. No provision for the insurance was made in these financial statements. This insurance policy was in force during the years presented and at the date of this report.

RESEARCH AND DEVELOPMENT

In 2018, the Company received a research credit for qualifying expenditures.

Jump Trading International Limited

DIRECTORS' REPORT

(Expressed in U.S. dollars in thousands unless otherwise stated)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has expressed their willingness to continue in office and a resolution for them to be reappointed will be proposed at the quarterly board meeting to be held on 10 April 2019.

On behalf of the board



Peter Deaner
Director

Date: 10 April 2019

Jump Trading International Limited

STRATEGIC REPORT

For the year ended 31 December 2018

PRINCIPAL ACTIVITIES

Jump Trading International Limited (the "Company") is a private company limited by shares and is domiciled and incorporated in England and Wales. The Company is a proprietary quantitative trading firm authorized by the Financial Conduct Authority to conduct trading as Principal on certain exchanges throughout Europe and globally. The registered office is 11th Floor, One London Wall, London, EC2Y 5EA.

The Company is a wholly-owned subsidiary of Jump Trading Holdings, LLC ("Holdings"). Holdings owns 100% of the ordinary shares of the Company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company has produced profits in the current and prior years and is expected to continue to operate profitably.

As part of the Company's contingency planning in connection with the United Kingdom's exit from the European Union ("EU"), the Company considered several scenarios to ensure that unrestricted access to EU financial markets is maintained. Based on these scenarios a decision was made to set up a separate legal entity in the Netherlands to ensure continued access to European Markets. This Dutch entity was fully set up in 2018 and was granted an appropriate regulatory license by the Netherlands Authority for the Financial Markets.

KEY PERFORMANCE INDICATORS

Jump Trading International Limited manages its key performance indicators ("KPIs") at Jump Trading Holdings LLC, its parent company level. The KPIs of the Company are profit before taxation, net current assets, and cash flow from operations. The amounts for these KPIs for the Company as at 31 December and for the years ended are:

		2018		2017
Profit before taxation	\$	67,147	\$	26,711
Net current assets		124,012		99,278
Cash flows from operations		57,576		20,685

The Company does not currently maintain any environmental related KPIs, as the Company does not have a material impact on the environment save for its occupation of buildings and investment in technology infrastructure.

The Company continues to invest in attracting, retaining and developing its personnel to ensure the continued growth of the business. The firm is an equal opportunities employer that does not discriminate on race, religion, gender, sexual orientation or disability.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks affecting the Company relate to fluctuations in the financial markets in which the Company trades.

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external causes. These failures can be deliberate, accidental or natural. Operational Risk is a significant risk for the Company as people and systems play a major role in the Company's operations. Risks are categorised based on the likelihood of occurrence and potential impact on the business. Any risk rated above the Operational Risk appetite is unacceptable to the Company and is addressed with mitigating systems and controls or additional Pillar 2 Capital.

Jump Trading International Limited

STRATEGIC REPORT

For the year ended 31 December 2018

FINANCIAL RISK MANAGEMENT

Details of the Financial Risk Management objectives of the Company are described below. The Company's exposure to various risks associated with the financial instruments is also discussed in note 18.

The Company's risk management procedures are the ultimate responsibility of the directors. The Board works with the Executive and Risk Committees to set the risk strategy policies.

The Board determines the Company's tolerance for risk – those risks it will accept and those it will not take in the pursuit of its goals and objectives. In addition, the Board ensures that the Company has implemented an effective, on-going process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed.

The Executive Committee ("ExCo"), is accountable to the Board for designing, implementing and monitoring the process of risk management and implementing it into the day-to-day business activities of the Company. The ExCo is responsible for effectively communicating the Company's approach and commitment to establishing and maintaining an effective risk management framework and approach. The ExCo is also responsible for equipping employees with the right tools and knowledge to enable them to fulfil their obligations to the risk management process.

The Risk Committee was established by the Firm's Board of Directors to assist both the Board and the ExCo in fulfilling oversight responsibilities with respect to the Company's risk exposures, including strategy for capital and liquidity management. The Risk Committee oversees the Company's risk management systems, practices and procedures to provide effective risk identification and management for the Company. The Risk Committee advises the Board on the Company's overall risk appetites, tolerance and strategy.

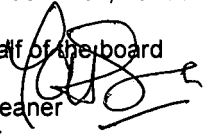
Due to the size and nature of the business, the Company does not maintain an internal audit function or Audit Committee. Internal audits are completed as necessary by independent employees of the company or other group companies. The Company seeks outside advice in the event that external expertise is required.

The ExCo is responsible for reviewing the Company's internal independent audit operations to help ensure that the operation is properly independent, and their recommendations are acted upon appropriately.

PILLAR 3 DISCLOSURES

Information about our capital adequacy and risk assessment and control processes, together with financial risk management objectives, policies, exposure and remuneration is available from our registered office (11th Floor, One London Wall, London, EC2Y 5EA).

On behalf of the board


Peter Deamer
Director

Date 10 April 2019

Jump Trading International Limited
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUMP TRADING
INTERNATIONAL LIMITED
For the year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion, Jump Trading International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial condition as at 31 December 2018; the statement of income and retained earnings and 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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not currently clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

Jump Trading International Limited
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUMP TRADING
INTERNATIONAL LIMITED
For the year ended 31 December 2018

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 set out on page 3, 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.

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.

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.

Jump Trading International Limited
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUMP TRADING
INTERNATIONAL LIMITED
For the year ended 31 December 2018

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 received 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.

Steven Linnegar

Steven Linnegar (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 April 2019

Jump Trading International Limited
STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2018

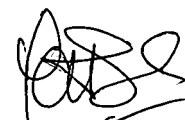
	Notes	2018	2017
REVENUE	4	\$ 207,101	\$ 153,745
Administrative expenses		(146,567)	(127,758)
OPERATING PROFIT	5	60,534	25,987
Interest receivable and similar income		6,613	724
PROFIT BEFORE TAXATION		67,147	26,711
Tax on profit	7	(10,813)	(3,611)
PROFIT FOR THE FINANCIAL YEAR		56,334	23,100
RETAINED EARNINGS AT 1 JANUARY		80,577	57,477
DIVIDENDS	14	(32,500)	0
RETAINED EARNINGS AT 31 DECEMBER		\$ 104,411	\$ 80,577

The profit and total comprehensive income for the year arise from the Company's continuing operations.

Jump Trading International Limited
STATEMENT OF FINANCIAL CONDITION
As of 31 December 2018
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Notes	2018	2017
FIXED ASSETS			
Tangible assets	8	\$ 5,796	\$ 6,838
CURRENT ASSETS			
Debtors due within one year	9	61,748	42,417
Debtors due after more than one year	9	504	530
Financial assets at fair value through profit or loss	18	380,895	48,722
Cash and cash equivalents		<u>106,990</u>	<u>81,461</u>
		550,137	173,130
Creditors due within one year	10	(54,049)	(34,497)
Financial liabilities at fair value through profit or loss	18	<u>(372,076)</u>	<u>(39,355)</u>
NET CURRENT ASSETS		<u>124,012</u>	<u>99,278</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		129,808	106,116
CREDITORS: Amounts falling due after more than one year	11	(660)	(602)
DEFERRED TAXATION	12	<u>132</u>	<u>(68)</u>
NET ASSETS		\$ <u>129,280</u>	\$ <u>105,446</u>
CAPITAL AND RESERVES			
Called up share capital	13	\$ 24,869	\$ 24,869
Retained earnings		<u>104,411</u>	<u>80,577</u>
TOTAL EQUITY		\$ <u>129,280</u>	\$ <u>105,446</u>

The financial statements on pages 10 to 28 were approved and authorised for issue by the board of directors on 10 April 2019 and are signed on its behalf by:



Pete Deaner
Director

Jump Trading International Limited
STATEMENT OF CASH FLOWS
For the year ended 31 December 2018
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	\$ 55,736	\$ 20,264
Interest income, net		6,613	724
Income tax paid		(4,773)	(303)
NET CASH FROM OPERATING ACTIVITIES		<u>57,576</u>	<u>20,685</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets, net of disposals	8	(547)	(1,317)
NET CASH USED IN INVESTING ACTIVITIES		<u>(547)</u>	<u>(1,317)</u>
FINANCING ACTIVITIES			
Proceeds from margin financing		1,000	2,500
Payment of dividend		(32,500)	-
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		<u>(31,500)</u>	<u>2,500</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,529	21,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		81,461	59,593
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$ 106,990</u>	<u>\$ 81,461</u>

Jump Trading International Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018
(Expressed in U.S. dollars in thousands unless otherwise stated)

1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are presented in United States Dollar which is the functional currency of the Company. Monetary amounts in these financial statements are rounded in thousands, unless otherwise stated.

All of the accounting policies mentioned have been applied consistently to all the years presented, unless otherwise stated. Certain amounts within financial instruments reported in the prior year have been reclassified to conform to the current year presentation.

2 ACCOUNTING POLICIES

GOING CONCERN

The directors have a reasonable expectation that the Company 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.

REVENUE

Revenue is stated net of exchange fees, brokerage clearing fees and other commissions. Revenue also includes the profits and liquidity providing rebates from proprietary trading of a range of financial products across multiple markets. Realized profits and losses, as well as fair value profits and losses on unsettled trades, are recognised on the trade date. Exchange and brokerage fees and commissions, as well as liquidity providing rebates, are recognised on the trade date.

The Group also applies a transfer pricing method to allocate revenues and expenses amongst entities within the Group. The method is intended to allocate the Group's trading profits (or losses), including non-routine returns attributable to the Group's proprietary trading processes and technology solutions, amongst the entities within the Group based on their relative contribution to the generation of that profit (or loss).

INTEREST RECEIVABLE AND SIMILAR INCOME

Interest on deposits held at call with banks and debt securities at fair value through profit or loss is recognised in the profit and loss account based on the effective interest rate.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency ("foreign currencies") are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

Jump Trading International Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Expressed in U.S. dollars in thousands unless otherwise stated)

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income. Translation differences that have been taken to profit or loss are included within administrative expenses on the statement of income and retained earnings.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Employee benefits that are recognized as an expense are included within administrative expenses on the statement of income and retained earnings.

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. Retirement benefit costs that are recognized as an expense are included within administrative expenses on the statement of income and retained earnings.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Jump Trading International Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
(Expressed in U.S. dollars in thousands unless otherwise stated)

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than works of art, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Office furniture	7 years
Office equipment	5 years
Computer equipment	3 years
Short leasehold premium and improvements	over the remaining period of the lease
Works of art	nil

Depreciation is included in administrative expenses in the profit and loss account.

Works of art are not depreciated as, in the opinion of the directors, they are unlikely to reduce in value in the foreseeable future.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Estimated useful lives are reviewed annually and adjusted if appropriate, in light of technological developments, usage and other relevant factors.

Assets are reviewed for impairment on a regular basis (at least annually) to assess whether the carrying amount may not be recoverable. As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is materially different than its estimated recoverable amount. Any impairment recognized is included within administrative expenses on the statement of income and retained earnings.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

FINANCIAL ASSETS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic Financial Assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Jump Trading International Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
(Expressed in U.S. dollars in thousands unless otherwise stated)

Other Financial assets at fair value through profit or loss

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Derivative assets

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

FINANCIAL LIABILITIES

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value

Other Financial liabilities at fair value through profit or loss

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Derivative liabilities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Jump Trading International Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018
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Basic financial liabilities

Basic financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Margin Financing

The Company has entered into committed and uncommitted lines of credit solely for margin financing.

ACCRUALS

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

DEFERRED INCOME

Deferred income is initially recorded as a liability at fair value and then amortised into income over the period of the related service.

PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

LEASES

All leases are operating leases. Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

RESEARCH CREDITS

The Company may, from time to time, be entitled to research credits for qualifying expenditures. These credits are accounted for and recognised when there is reasonable assurance that the credits will be received. The credits are recognised as an offset to administrative expense.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Jump Trading International Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company. Dividends are only declared if the Company will retain adequate capital, after payments of the dividend, to satisfy its capital adequacy requirement with the Financial Conduct Authority.

The Company has maintained adequate capital under the Financial Conduct Authority's rules throughout the year.

RELATED PARTY TRANSACTIONS

The Company has taken an exemption available under FRS 102 para 33.1A with regard to Related Party Transactions not to disclose transactions with entities that are part of the group that qualify as related parties, on the grounds that it is a wholly owned subsidiary.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Company is a lessor.

Depreciation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

Research Credits

The Company recognizes research credits when there is reasonable assurance that the credits will be received. Judgment is required to determine when there is reasonable assurance of receipt, which is usually upon confirmation of cash receipt.

4 REVENUE

The revenue and profit before taxation are attributable to the principal activity of the Company.

The Company has not presented a geographical analysis of revenue, as it is considered seriously prejudicial to the interests of the Company.

Jump Trading International Limited
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5 OPERATING PROFIT

	2018	2017
Operating profit has been arrived at after charging (receiving):		
Auditors' remuneration for audit services	\$ 102	\$ 114
Additional fees related to the prior year audit	-	17
Auditors remuneration for non-audit services	168	332
Foreign exchange loss	177	112
Research credit	(4,726)	--
Depreciation of tangible fixed assets	1,588	1,499
Operating lease rentals – land and buildings	2,494	1,296

The costs outlined in the table above are included within administrative expenses on the statement of income and retained earnings. Auditors' remuneration for non-audit services is for interim profit verification and tax related services. In 2018, the Company received a research credit for qualifying expenditures from 2015 and 2016.

6 EMPLOYEES

The average monthly number of persons (excluding directors) employed by the Company during the year was 114 (2017: 94). The breakdown as at 31 December is noted below:

	2018	2017
Front office	54	38
Back office	70	56
Total headcount	<u>124</u>	<u>94</u>

Staff costs (including directors' remuneration) consist of:

	2018	2017
Wages and salaries	\$ 60,642	\$ 45,436
Social security costs	8,651	6,241
Other pension costs	824	678
Total	<u>\$ 70,117</u>	<u>\$ 52,355</u>

Directors' remuneration consists of:

	2018	2017
Directors' remuneration for management services	\$ 4,868	\$ 1,589
Other pension costs	24	24
Total	<u>\$ 4,892</u>	<u>\$ 1,613</u>

The highest paid director received \$4,451 (2017: \$1,177), including pension contributions of \$10 (2017: \$10).

Three directors (2017: three) accrued benefits during the year under defined contribution pension arrangements and are included in other pension costs in table above.

There were no other pension costs outstanding as at 31 December 2018 (2017: \$nil).

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7. TAXATION ON PROFIT

	2018	2017
Current tax:		
UK corporation tax on profits for the year	\$ 10,779	\$ 3,780
Ireland corporation tax	84	19
Portugal corporation tax	51	-
Adjustments in respect of prior periods	99	214
Total current tax	<u>11,013</u>	<u>4,013</u>
Deferred tax (note 12)		
Origination and reversal of timing differences	(200)	(402)
Total deferred tax	<u>(200)</u>	<u>(402)</u>
Total tax charge	<u>\$ 10,813</u>	<u>\$ 3,611</u>
	2018	2017
Profit before taxation	\$ 67,147	\$ 26,711
Expected tax charge based on a corporation tax rate of 19.0% (2017: 19.25%)	12,758	5,141
Effect of:		
Bank corporation tax surcharge	1,251	-
Expenses not deductible for tax purposes	136	42
Statutory tax exemptions	(368)	(64)
Timing and other differences	107	212
Different tax rates in other countries	(39)	(10)
Foreign exchange differences	(216)	251
Branch exemption	(2,714)	(1,773)
Under provision in previous year	99	214
Fixed assets timing differences	(207)	(255)
Short term timing differences	6	(147)
Tax expense for the year	<u>\$ 10,813</u>	<u>\$ 3,611</u>

Jump Trading International Limited
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8 TANGIBLE ASSETS

	Short leasehold premium and improvements	Office furniture and equipment	Computer equipment	Works of art	Total
COST					
1 January 2018	\$ 10,225	\$ 1,322	\$ 2,831	\$ 110	\$14,488
Additions	64	64	418	-	546
Disposals	-	-	(4)	-	(4)
31 December 2018	<u>10,289</u>	<u>1,386</u>	<u>3,245</u>	<u>110</u>	<u>15,030</u>
DEPRECIATION					
1 January 2018	4,435	764	2,451	(0)	7,650
Disposals-	-	-	(4)	-	(4)
Charged in the year	<u>1,100</u>	<u>201</u>	<u>287</u>	<u>-</u>	<u>1,588</u>
31 December 2018	<u>5,535</u>	<u>965</u>	<u>2,734</u>	<u>(0)</u>	<u>9,234</u>
CARRYING AMOUNT					
31 December 2018	<u>4,754</u>	<u>421</u>	<u>511</u>	<u>110</u>	<u>5,796</u>
31 December 2017	<u>5,790</u>	<u>558</u>	<u>380</u>	<u>110</u>	<u>6,838</u>

9 DEBTORS

	2018	2017
Amounts owed by group undertakings	\$ 23,216	\$ 10,122
Other debtors	37,695	32,123
Prepayments and accrued income	837	172
Debtors due within one year	<u>61,748</u>	<u>42,417</u>
Amounts falling due after more than one year		
Other debtors (a)	504	530
Total debtors	<u>\$ 62,252</u>	<u>\$ 42,947</u>

- (a) Other debtors falling due after more than one year are in respect of rent deposits of \$504 (2017: \$530). The rent deposit at 31 December 2018 is subject to a formal charge to secure against the Company's obligations under its lease.

Jump Trading International Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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10 CREDITORS: Amounts falling due within one year

	2018	2017
Trade creditors	\$ 7,131	\$ 4,868
Amounts owed to group undertakings	2,350	1,736
Corporation tax	8,890	3,436
Other taxation and social security		
Accruals and deferred income	35,678	24,457
Total creditors	\$ 54,049	\$ 34,497

11 CREDITORS: Amounts falling due after more than one year

	2018	2017
Accruals and deferred income	\$ 660	\$ 602

12 DEFERRED TAXATION

	At January 1, 2018	Profit and loss account	At December 31, 2018
Deferred taxation (asset)/provision			
Fixed assets timing differences	\$ 290	\$ (207)	\$ 83
Short term timing differences	(222)	7	(215)
31 December 2018	\$ 68	\$ (200)	\$ (132)

Deferred taxation is provided at the corporation tax rate expected at the time of utilization in future periods.

13 CALLED UP SHARE CAPITAL

	2018	2017
Allocated, issued, and fully paid:		
15,463,380 (2017: 15,463,380) ordinary shares of £1 each	\$ 24,869	\$ 24,869

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

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14 RESERVES

Retained Earnings

Cumulative profit and loss net of distributions to owners.

Dividends

Dividends paid during the years presented were:

	2018	2017
Equity – ordinary		
Dividends Paid: \$2.10 (2017: nil) per share	\$ 32,500	\$ -

15 CASH GENERATED FROM OPERATIONS

	2018	2017
Profit for the financial year	\$ 56,334	\$ 23,100
Adjustments for:		
Depreciation of tangible fixed assets	1,588	1,499
Interest receivable	(6,613)	(724)
Taxation	10,813	3,611
Operating cash flows before movements in working capital	<u>62,122</u>	<u>27,486</u>
Change in trade and other debtors	(351,478)	(26,641)
Change in trade and other creditors	345,092	19,419
Cash generated from operations	<u>\$ 55,736</u>	<u>\$ 20,264</u>

16 COMMITMENTS UNDER OPERATING LEASES

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
Land and buildings:		
Within one year	\$ 1,345	\$ 1,426
Between one and five years	3,100	4,288
After five years	1,070	1,562
Total	<u>\$ 5,515</u>	<u>\$ 7,276</u>

17 ULTIMATE CONTROLLING PARTY

The directors consider their direct parent, Jump Trading Holdings LLC, a company incorporated in the USA, to be the ultimate controlling party. Jump Trading Holdings, LLC is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Jump Trading Holdings, LLC can be requested at the following address: 600 West Chicago Avenue, Chicago, Illinois, 60654 USA.

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18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of the Company's financial instruments at 31 December were:

	2018	2017
Financial assets:		
Debtors due	\$ 62,252	\$ 42,947
Other Instruments held at fair value through profit and loss	380,895	48,722
Cash and cash equivalents	106,990	81,461
Total	\$ <u>550,137</u>	\$ <u>173,130</u>
Financial liabilities:		
Other Instruments held at fair value through profit and loss	\$ 372,076	\$ 39,355
Creditors due	45,819	31,662
Total	\$ <u>417,895</u>	\$ <u>71,017</u>

The Company's amounts above include \$688 (2017: \$108) of gross derivative assets and \$802 (2017: \$79) of gross derivative liabilities. Amounts receivable and payable for derivative financial instrument transactions that have not reached their contractual settlement date are recorded net by counterparty on the Statement of Financial Condition, when there is a legally enforceable right to set off and we intend to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company's financial instruments are valued based on available market data. Fair value gains and losses are recognised in profit and loss. Derivative assets and liabilities primarily include exchange-traded futures and forward foreign currency contracts.

(a) Liquidity Risk

Liquidity Risk is the risk that the Company will be unable to meet financial commitments arising from its business activities. The Company seeks to ensure that it has constant access to an appropriate level of cash, liquid securities and committed funding lines to enable it to finance its on-going operations and reasonable unexpected events. The Company monitors and modifies its exposure to the various banks, clearing partners and other financial institutions, where it has funds on deposit, to ensure access to funds as they are needed.

Only exchange traded instruments, where a threshold level of liquidity is met, are considered for active trading. With this in mind, the directors consider that Liquidity Risk is adequately covered under their monitoring of Credit Risk appetite.

Jump Trading International Limited
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18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The discounted maturity analysis of our financial liabilities is:

	2018	2017
Not later than three months	\$ 386,424	\$ 50,853
Three months to one year	30,811	19,562
Over one year	660	602
Total	<u>\$ 417,895</u>	<u>\$ 71,017</u>

(b) Credit Risk

The Company's exposure to Credit Risk arises from the possibility of a bank, clearing firm or other financial institution failing to fulfil their contractual obligations. The Company trades only in exchange traded issues with no material credit sensitivity and does not have external clients; therefore, the Company's Credit Risk is limited to the financial loss the Company might suffer should a financial institution holding the Company's funds fail to make those funds available. No collateral has been received or pledged with any counterparty. The Company's approach to Credit Risk is to mitigate risk by adopting policies and procedures to only deal with highly rated institutions for the purpose of non-clearing relationships and limit the concentration of its exposures to any single counterparty. For the purposes of measuring Credit Risk, the Company currently uses the CRD IV standardised approach for calculating its risk weighted exposures under Pillar 1.

The carrying amounts for all assets best represents the maximum exposure to Credit Risk.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (Moody's where available) or to historical information about counterparty default rates. The Company does not have any impaired financial assets.

	2018	2017
Debtors due within one year		
No rating	\$ <u>61,748</u>	\$ <u>42,417</u>
Debtors due after more than one year		
No rating	\$ <u>504</u>	\$ <u>530</u>
Financial assets at fair value through profit or loss		
AAA	\$ 9,954	\$ 9,965
No rating	<u>370,941</u>	<u>38,757</u>
	<u>\$ 380,895</u>	<u>\$ 48,722</u>
Cash and cash equivalents		
A3	\$ 78,000	\$ 36,000
Aa3	25,359	22,755
Baa2	3,631	22,706
No rating	-	-
Total	<u>\$ 106,990</u>	<u>\$ 81,461</u>

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(c) Market Risk

The Company's potential Market Risks include trading book exposures to instruments held on its trading book, instruments held on its balance sheet, and foreign currency assets or liabilities held on its balance sheet.

The Company mitigates Market Risk by requiring risk limits for all trading strategies. Risk limits must be approved by an independent risk management team in order to trade. These risk limits are enforced electronically and monitored by risk management. The Company currently uses the Own Funds requirements for calculating Position Risk under the Capital Requirements Regulation to measure Market Risk on an ongoing basis.

Most trading positions are opened and closed intraday, resulting in limited overnight exposure.

a. Currency risk

Currency position risk arises not just from cash positions but also financial instruments priced in currencies other than the dollar. As at 31 December net positions by currency were:

		2018		2017
EUR	\$	2,132	\$	(1,155)
GBP		(1,352)		(586)
Other		(1,813)		1,015
Total	\$	<u>(1,033)</u>	\$	<u>(726)</u>

b. Price risk

Price risk represents the risk from changes in asset or liability prices on principal positions. The Company measures its financial instruments in the balance sheet at fair value. The Company's exchange-traded instruments are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy. The Company applies mark-to-market valuations to our derivative contracts where mark-to-market is available.

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The fair value of financial instruments at the balance sheet, categorised as level 1, are noted below:

	2018	2017
Assets:		
Financial assets at fair value through profit and loss:		
Trading securities	\$ 370,941	\$ 38,757
Debt instruments	9,954	9,965
Total assets	<u>\$ 380,895</u>	<u>\$ 48,722</u>
Liabilities:		
Financial liabilities at fair value through profit and loss:		
Trading securities	\$ (372,076)	\$ (39,355)
Total liabilities	<u>\$ (372,076)</u>	<u>\$ (39,355)</u>

The Company did not have any significant financial instruments categorised as level 2 or level 3 at the balance sheet date.

c. Interest rate risk

The Company has minimal sensitivity to interest rate changes. The Company trades interest bearing instruments, but does not hold positions in those instruments for long periods of time, which is consistent with its overall business model. The Company monitors interest rates nightly for various aspects of the business, and will be able to act accordingly based on the movement of interest rates. In the event that the Company decides to carry positions in interest bearing instruments, management will determine the appropriate amount of capital to allocate for the risk exposure created by the position.

19 CAPITAL MANAGEMENT

The Company manages its shareholders' funds as capital and meets its objectives by generating a profit for the year after taxation. Dividends are only declared if the Company will retain adequate capital after payment of the dividend. The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and maintain a strong capital base to support the development of the business activities of the Company. The Company manages its capital resources on the basis of regulatory capital requirements (Pillar 1) and its own assessment of capital required to support all material risks throughout the business (Pillar 2). The Company manages its regulatory capital through an Internal Capital Adequacy Assessment Process (known as the ICAAP) in accordance with guidelines and rules implemented by the FCA.

The Company's Pillar 1 minimum capital requirement is calculated using the Basic Indicator Approach.

To evaluate if additional Pillar 2 capital is required, the Company considers the impact and probability of Operational Risks in the Firm's Risk Register using the methodology explained above. The Company has complied with all regulatory capital requirements throughout the periods presented.

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20 EVENTS AFTER THE REPORTING PERIOD

The Company has performed an evaluation of subsequent events through 10 April 2019, which is the date the financial statements were available to be issued. As at 10 April 2019, trading that was deemed to be impacted by United Kingdom's exit from the EU has been transitioned to the newly formed Dutch entity. There have been no additional material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the financial statements as of 31 December 2018.