

# Jump Trading International Limited

## REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2017



Company Registration No. 05976015

# Jump Trading International Limited

## DIRECTORS AND ADVISERS

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### DIRECTORS

Peter Deaner  
Colleen Hickey  
Marcelena Holmes  
Rupert Godber

### SECRETARY

Certagent Limited  
10 Chiswell Street  
London  
EC1Y 4UQ

### REGISTERED OFFICE

11<sup>th</sup> 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)

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The directors submit their report and the audited financial statements of Jump Trading International Limited for the year ended 31 December 2017.

### RESULTS FOR THE YEAR AND DIVIDENDS

The profit for the financial year was \$23,100 (2016: \$25,722). Dividends paid for the year ended 31 December 2017 were \$0 (2016: \$40,000).

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 on page 4.

### 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.

### GOING CONCERN

In light of the profit made in the year the directors are satisfied that the business continues to be a going concern.

### POST BALANCE SHEET EVENTS

On 9 January 2018 the Board of the Company recommended a dividend of \$7,500 be declared payable to the sole shareholder of the Company. This dividend was approved and paid during January 2018. In addition, the Board granted a loan of \$7,500 to a related party within the group and the loan was repaid back to the Company on 27 March 2018.

### 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.

### 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.

# Jump Trading International Limited

## DIRECTORS' REPORT

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

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### 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.

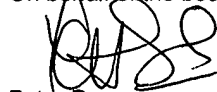
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 4 April 2018.

On behalf of the board



Peter Deaner  
Director

Date: 4 April 2018

# Jump Trading International Limited

## STRATEGIC REPORT

For the year ended 31 December 2017  
(Expressed in U.S. dollars in thousands unless otherwise stated)

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### 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 11<sup>th</sup> 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 trade profitably.

Following the announcement on the 23<sup>rd</sup> June 2016, that the UK will leave the EU, the Group is making provision to mitigate the impact this may have, subject to the final outcome of the political negotiations. As a result the Directors believe the business will be well placed to continue to trade profitably post 29<sup>th</sup> March 2019.

### KEY PERFORMANCE INDICATORS

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

	2017	2016
Profit before taxation	\$ 26,711	\$ 27,297
Net current assets	99,278	76,813
Cash flows from operations	20,685	15,308

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 are considered to relate to fluctuations in the financial markets in which the company trades.

**Jump Trading International Limited**  
**STRATEGIC REPORT**  
For the year ended 31 December 2017  
(Expressed in U.S. dollars in thousands unless otherwise stated)

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**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 19.

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 (11<sup>th</sup> Floor, One London Wall, London, EC2Y 5EA).

On behalf of the board



Peter Deaner  
Director

Date: 4 April 2018

**Jump Trading International Limited**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUMP TRADING**  
**INTERNATIONAL LIMITED**  
For the year ended 31 December 2017

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***Independent auditors' report to the members of Jump Trading International Limited***

**Report on the audit of the financial statements**

*Opinion*

In our opinion, Jump Trading International Limited's ("The Company") financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 2017; the statement of income and retained earnings for the year ended 31 December 2017; the statement of cash flows for the year ended 31 December 2017; and the notes to the financial statements.

*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*

We have nothing to report in respect of the following matters in relation to which 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.

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.

*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 2017**

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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 2017 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](http://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 2017**

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**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  
4 April 2018

**Jump Trading International Limited**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
For the year ended 31 December 2017  
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Notes	2017	2016
REVENUE	4	\$ 153,745	\$ 157,598
Administrative expenses		<u>(127,758)</u>	<u>(130,579)</u>
OPERATING PROFIT	5	25,987	27,019
Interest receivable and similar income		724	278
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26,711	27,297
Tax on profit on ordinary activities	7	<u>(3,611)</u>	<u>(1,575)</u>
PROFIT FOR THE FINANCIAL YEAR		23,100	25,722
RETAINED EARNINGS AT 1 JANUARY		57,477	71,755
DIVIDENDS	14	<u>0</u>	<u>(40,000)</u>
RETAINED EARNINGS AT 31 DECEMBER		<u>\$ 80,577</u>	<u>\$ 57,477</u>

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 2017**  
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Notes	2017	2016
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>\$ 6,838</u>	<u>\$ 7,020</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	9	42,417	29,825
Debtors due after more than one year	9	530	1,461
Financial assets at fair value through profit or loss	19	48,722	33,743
Cash and cash equivalents		<u>81,461</u>	<u>59,593</u>
		173,130	124,622
 Creditors due within one year	10	 (34,497)	 (24,261)
Financial liabilities at fair value through profit or loss	19	(39,355)	(23,548)
<b>NET CURRENT ASSETS</b>		<u>99,278</u>	<u>76,813</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		106,116	83,833
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(602)	(1,017)
<b>DEFERRED TAXATION</b>	12	<u>(68)</u>	<u>(470)</u>
<b>NET ASSETS</b>		<u>\$ 105,446</u>	<u>\$ 82,346</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	\$ 24,869	\$ 24,869
Profit and loss account	14	<u>80,577</u>	<u>57,477</u>
<b>TOTAL EQUITY</b>		<u>\$ 105,446</u>	<u>\$ 82,346</u>

The financial statements on pages 9 to 29 were approved and authorised for issue by the board of directors on 4 April 2018 and are signed on its behalf by:



Peter Deaner  
Director

**Jump Trading International Limited**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2017  
(Expressed in U.S. dollars in thousands unless otherwise stated)

	Note	2017	2016
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	15	\$ 20,264	\$ 17,899
Interest received		724	278
Income tax paid		(303)	(2,869)
NET CASH FROM OPERATING ACTIVITIES		<u>20,685</u>	<u>15,308</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets	8	<u>(1,317)</u>	<u>(976)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(1,317)</u>	<u>(976)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from margin financing		2,500	-
Payment of dividend		-	(40,000)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		<u>2,500</u>	<u>(40,000)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		21,868	(25,668)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>59,593</u>	<u>85,261</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$ 81,461</u>	<u>\$ 59,593</u>

**Jump Trading International Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**  
**(Expressed in U.S. dollars in thousands unless otherwise stated)**

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**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.

**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 with 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 2017**  
**(Expressed in U.S. dollars in thousands unless otherwise stated)**

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**2 ACCOUNTING POLICIES (CONTINUED)**

**FOREIGN CURRENCIES (CONTINUED)**

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.

**Jump Trading International Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**  
**(Expressed in U.S. dollars in thousands unless otherwise stated)**

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2 ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

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.

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.

**Jump Trading International Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**  
**(Expressed in U.S. dollars in thousands unless otherwise stated)**

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2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

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, 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.

*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.

*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.

*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.



**Jump Trading International Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

*Other financial liabilities*

Other 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 amortized 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.

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.

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.

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**2 ACCOUNTING POLICIES (CONTINUED)**

**DIVIDENDS (CONTINUED)**

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.

**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.

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**5 OPERATING PROFIT**

	<b>2017</b>	<b>2016</b>
Operating profit has been arrived at after charging:		
Auditors' remuneration for audit services	\$ 114	\$ 95
Additional fees related to the prior year audit	17	48
Auditors remuneration for non-audit services	332	20
Foreign exchange loss	112	1,652
Depreciation of tangible fixed assets	1,499	1,416
Operating lease rentals - land and buildings	1,296	1,038

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 tax related services.

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**6 EMPLOYEES**

The average monthly number of persons (excluding directors) employed by the Company during the year was 94 (2016: 68). The breakdown as at 31 December 2017 is noted below:

	<b>2017</b>	<b>2016</b>
Front office	38	26
Back office	56	42
Total Headcount	<u>94</u>	<u>68</u>

	<b>2017</b>	<b>2016*</b>
Staff costs (including directors' remuneration) consist of:		
Wages and salaries	\$ 45,436	\$ 44,019
Social security costs	6,241	5,740
Other pension costs	678	488
	<u>52,355</u>	<u>50,247</u>

Directors' remuneration costs consist of:

	<b>2017</b>	<b>2016</b>
Directors' remuneration for management services	\$ 1,589	\$ 1,803
Other pension costs	24	54
	<u>1,613</u>	<u>1,857</u>

\* Amounts reported in prior years have been reclassified to conform to the current year presentation

The highest paid director received \$1,177 (2016: \$1,390), including pension contributions of \$10 (2016: \$20).

Three directors (2016: four) 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 2017 (2016: \$nil).

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**7 TAXATION ON PROFIT**

	<b>2017</b>	<b>2016</b>
Current tax:		
UK corporation tax on profits for the year	\$ 3,780	\$ 1,246
Ireland Corporation tax	19	-
Adjustments in respect of prior periods	214	(89)
	<u>4,013</u>	<u>1,157</u>
Deferred tax (note 12)		
Origination and reversal of timing differences	(402)	418
Total tax charge	<u><u>3,611</u></u>	<u><u>1,575</u></u>

The charge for the year can be reconciled to the profit per the statement of income and retained earnings as follows:

	<b>2017</b>	<b>2016</b>
Profit before taxation	<u>\$ 26,711</u>	<u>\$ 27,297</u>
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20.00%)	5,141	5,459
Effect of:		
Expenses not deductible for tax purposes	42	23
Statutory tax exemptions	(64)	(62)
Difference between depreciation and capital allowances	212	11
Different tax rates in Ireland	(10)	-
Foreign exchange differences	251	(46)
Branch exemption	(1,773)	(4,139)
(Over)/under provision in previous year	214	(89)
Fixed assets timing differences	(255)	444
Short term timing differences	(147)	(26)
Tax expense for the year	<u><u>3,611</u></u>	<u><u>1,575</u></u>

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8 TANGIBLE ASSETS

	Short leasehold premium and improvements	Office furniture and equipment	Computer equipment	Works of art	Total
<b>COST</b>					
1 January 2017	\$ 9,244	\$ 1,209	\$ 2,608	\$ 110	\$ 13,171
Additions	<u>981</u>	<u>113</u>	<u>223</u>	<u>-</u>	<u>1,317</u>
31 December 2017	<u>10,225</u>	<u>1,322</u>	<u>2,831</u>	<u>110</u>	<u>14,488</u>
<b>DEPRECIATION</b>					
1 January 2017	3,416	575	2,160	-	6,151
Charged in the year	<u>1,019</u>	<u>189</u>	<u>291</u>	<u>-</u>	<u>1,499</u>
31 December 2017	<u>4,435</u>	<u>764</u>	<u>2,451</u>	<u>-</u>	<u>7,650</u>
<b>CARRYING AMOUNT</b>					
31 December 2017	<u>5,790</u>	<u>558</u>	<u>380</u>	<u>110</u>	<u>6,838</u>
31 December 2016	<u>5,827</u>	<u>634</u>	<u>449</u>	<u>110</u>	<u>7,020</u>

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**9 DEBTORS**

	<b>2017</b>	<b>2016</b>
Other debtors	\$ 32,123	\$ 24,100
Amounts owed by group undertakings	10,122	5,324
Prepayments and accrued income	<u>172</u>	<u>401</u>
Debtors due within one year	<u>42,417</u>	<u>29,825</u>
Amounts falling due after more than one year:		
Other debtors (a)	<u>530</u>	<u>1,461</u>
Total debtors	<u>\$ 42,947</u>	<u>\$ 31,286</u>

- (a) Other debtors falling due after more than one year are in respect of rent deposits of \$530 (2016: \$1,461). The rent deposit at 31 December 2017 is subject to a formal charge to secure against the company's obligations under its lease.

**10 CREDITORS: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
Trade creditors	\$ 4,868	\$ 886
Amounts owed to group undertakings	1,736	2,488
Corporation tax	3,436	-
Other taxation and social security	-	687
Accruals and deferred income	<u>24,457</u>	<u>20,200</u>
	<u>\$ 34,497</u>	<u>\$ 24,261</u>

**11 CREDITORS: Amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
Accruals and deferred income	<u>\$ 602</u>	<u>\$ 1,017</u>

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**12 DEFERRED TAXATION**

	At 1 January 2017	Profit and loss account	At 31 December 2017
Deferred taxation (asset)/provision			
Fixed assets timing differences	\$ 545	\$ (255)	\$ 290
Short term timing differences	<u>(75)</u>	<u>(147)</u>	<u>(222)</u>
31 December 2017	<u>470</u>	<u>(402)</u>	<u>68</u>

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

<b>13 CALLED UP SHARE CAPITAL</b>	<b>2017</b>	<b>2016</b>
Allotted, issued and fully paid:		
15,463,380 (2016 15,463,380) ordinary shares of £1 each	<u>\$ 24,869</u>	<u>\$ 24,869</u>

*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.

**14 RESERVES**

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

*Dividends*

Dividends paid during the years presented were:

	<b>2017</b>	<b>2016</b>
Equity - ordinary		
Interim paid: nil (2016: \$2.59) per share	\$ -	\$ 40,000

See footnote 19 regarding dividends paid subsequent to 31 December 2017.



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**15 CASH GENERATED FROM OPERATIONS**

	<b>2017</b>	<b>2016</b>
Profit for the financial year	\$ 23,100	\$ 25,722
Adjustments for:		
Depreciation of tangible fixed assets	1,499	1,416
Interest receivable	(724)	(278)
Taxation	3,611	1,575
	<u>27,486</u>	<u>28,435</u>
Operating cash flows before movements in working capital	27,486	28,435
Change in trade and other debtors	(26,641)	(6,821)
Change in trade and other creditors	19,419	(3,715)
	<u>20,264</u>	<u>17,899</u>
Cash generated from operations	\$ 20,264	\$ 17,899

**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:

	<b>2017</b>	<b>2016</b>
Land and buildings:		
Within one year	\$ 1,426	\$ 1,268
Between one and five years	4,288	5,212
After five years	1,562	1,425
	<u>7,276</u>	<u>7,905</u>
	\$ 7,276	\$ 7,905

**17 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.

**18 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.

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**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

	<b>2017</b>	<b>2016</b>
Financial assets:		
Debt instruments measured at amortised cost	\$ 42,417	\$ 30,959
Instruments held at fair value through profit and loss	48,722	33,743
Cash and cash equivalents	81,461	59,593
	<u>\$ 172,600</u>	<u>\$ 124,295</u>
Financial liabilities:		
Instruments held at fair value through profit and loss	\$ 39,355	\$ 23,548
Debt instruments measured at amortised cost	31,662	24,591
	<u>\$ 71,017</u>	<u>\$ 48,139</u>

The company's financial instruments are valued based on available market data. Fair value gains and losses are recognised in profit and loss.

**(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.

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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The maturity analysis of our financial liabilities is:

	2017	2016
Not later than three months	\$ 50,853	\$ 39,510
Three months to one year	19,562	7,612
Over one year	602	1,017
	<u>\$ 71,017</u>	<u>\$ 48,139</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

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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (continued)

	2017	2016
<b>Debtors due within one year</b>		
No rating	\$ 42,417	\$ 29,825
	<u>\$ 42,417</u>	<u>\$ 29,825</u>
 <b>Debtors due after more than one year</b>		
No rating	\$ 530	\$ 1,461
	<u>\$ 530</u>	<u>\$ 1,461</u>
 <b>Financial Assets at fair value through profit or loss</b>		
AAA	\$ 9,965	\$ 10,084
No rating	38,757	23,658
	<u>\$ 48,722</u>	<u>\$ 33,742</u>
 <b>Cash and cash equivalents</b>		
A3	\$ 36,000	\$ 46,045
Aa3	22,755	243
Baa2	22,706	12,333
No rating	-	972
	<u>\$ 81,461</u>	<u>\$ 59,593</u>

(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.

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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

(i) 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:

	2017	2016
EUR	\$ (1,155)	\$ 122
GBP	(586)	(94)
Other	1,015	-
	<u>\$ (726)</u>	<u>\$ 28</u>

(ii) 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 fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date are categorised as level 1 and are noted below.

<b>Assets:</b>	<b>2017</b>	<b>2016</b>
Financial assets at fair value through profit and loss:		
Trading securities	\$ 38,757	\$ 23,659
Debt instruments	9,965	10,084
	<u>48,722</u>	<u>33,743</u>
Total assets	<u>48,722</u>	<u>33,743</u>
<b>Liabilities:</b>	<b>2017</b>	<b>2016</b>
Financial liabilities at fair value through profit and loss:		
Trading securities	(39,355)	(23,548)
	<u>(39,355)</u>	<u>(23,548)</u>
Total liabilities	<u>(39,355)</u>	<u>(23,548)</u>

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

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**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**(c) Market Risk (continued)**

**(iii) 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.

**(d) Operational and Business Risk**

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.

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.

**(e) Capital**

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.

**19 EVENTS AFTER THE REPORTING PERIOD**

On 9 January 2018 the Board of the Company recommended a dividend of \$7,500 be declared payable to the sole shareholder of the Company. This dividend was approved and paid during January 2018. In addition, the Board granted a loan of \$7,500 to a related party within the group and the loan was repaid back to the Company on 27 March 2018.