

JANE STREET FINANCIAL LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2009

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JANE STREET FINANCIAL LIMITED

I N D E X

Year ended 31 December 2009

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JANE STREET FINANCIAL LIMITED

GENERAL INFORMATION

Year ended 31 December 2009

Directors	O R Cooper D A Proctor I R Schaad
Secretary	O R Cooper
Registered office	10 Chiswell Street London EC1Y 4UQ
Company number	06211806
FSA firm reference number	486546
Auditors	Dixon Wilson 22 Chancery Lane London WC2A 1LS

JANE STREET FINANCIAL LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2009

The Directors present their report and accounts for the year ended 31 December 2009

Principal activity

The principal activity of the company is to provide investment management and act as agent for other entities within the Jane Street Group

Review of the business

The company was dormant until 30 April 2009 and began operations on 1 May 2009. As of May 1, 2009, the company became authorised and regulated by the Financial Services Authority as a full scope BIPRU 730k firm. Since then the company has provided investment management and acted as agent for other entities within the Jane Street Group. No external clients are retained.

The Directors are satisfied with the development of the company in furtherance of Jane Street Group strategies and with its position at 31 December 2009. The company is compensated by an affiliate within the Jane Street Group based on a transfer pricing arrangement that is reviewed periodically.

The principal risk to which the company is exposed would be operational risk related to the failure of another Jane Street Group entity. The Directors are satisfied that the chance of such an event occurring is remote.

Future developments

The Directors anticipate that performance in 2010 will be broadly consistent with 2009.

Financial instruments

Credit risk.

The company acts as agent for other entities within the Jane Street Group, which provide operating cash flows to the company as required under the transfer pricing arrangement. The company's primary exposure to credit risk is with respect to these intercompany receivables as well as cash deposits with banks. The company maintains its cash in a bank account denominated in USD. The company only places deposits with institutions having a minimum credit rating of AA.

Dividends

The Directors do not recommend the payment of any dividend.

Directors

The Directors who held office during the year are as shown on page 2.

Disclosure of information to auditors

The Directors confirm that they have taken all steps necessary in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

As far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware.

By order of the Board



27-APR-2010

I SCHAAD

Director

27 April 2010

JANE STREET FINANCIAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year ended 31 December 2009

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

UK company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have made themselves aware of all relevant audit information. The auditors have been informed of all of this information.

JANE STREET FINANCIAL LIMITED

AUDITOR'S REPORT

Year ended 31 December 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JANE STREET FINANCIAL LIMITED

We have audited the financial statements of Jane Street Financial Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. The corresponding figures in respect of the previous period are unaudited. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Suzanne Rose (Senior statutory auditor)
For and on behalf of Dixon Wilson, Statutory Auditor

22 Chancery Lane, London WC2A 1LS

27 April 2010

JANE STREET FINANCIAL LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2009**

	Note	2009 \$	Unaudited 2008 \$
Turnover	1	6,109,789	-
Administrative expenses		<u>(4,364,135)</u>	<u>-</u>
Operating profit and profit on ordinary activities before taxation	2	1,745,654	-
Tax on profit on ordinary activities	3	<u>(486,970)</u>	<u>-</u>
Profit on ordinary activities after taxation		1,258,684	-
Profit and loss account brought forward		<u>-</u>	<u>-</u>
Profit and loss account carried forward		<u>1,258,684</u>	<u>-</u>

All amounts are in respect of continuing operations

There are no other recognised gains or losses in the year and the previous period

JANE STREET FINANCIAL LIMITED

Company Number: 06211806

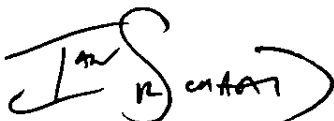
BALANCE SHEET**At 31 December 2009**

	Note	2009 \$	Unaudited 2008 \$
Current assets			
Debtors	7	78,546	2
Cash at bank and in hand		10,456,157	-
		<u>10,534,703</u>	<u>2</u>
Creditors: amounts falling due within one year	8	(5,276,019)	-
Net current assets		<u>5,258,684</u>	<u>2</u>
Net assets		<u>5,258,684</u>	<u>2</u>
Capital and reserves			
Called up share capital	9	4,000,000	2
Profit and loss account (page 6)		1,258,684	-
Shareholder's funds	12	<u>5,258,684</u>	<u>2</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on
and were signed on its behalf by -

27 April

2010



I SCHAAD
Director

27-APR-10

JANE STREET FINANCIAL LIMITED**C A S H F L O W S T A T E M E N T****Year ended 31 December 2009**

	Note	2009 \$	Unaudited 2008 \$
Net cash inflow from operating activities	13	7,021,673	-
Taxation		(565,516)	-
Financing			
Issue of ordinary share capital		<u>4,000,000</u>	<u>-</u>
Increase in cash		<u>10,456,157</u>	<u>-</u>
Cash at bank at 1 January 2009		<u>-</u>	<u>-</u>
Cash at bank at 31 December 2009		<u>10,456,157</u>	<u>-</u>

Net funds consist exclusively of cash at bank and in hand and all movements relate to cash flows

JANE STREET FINANCIAL LIMITED

ACCOUNTING POLICIES

Year ended 31 December 2009

Basis of accounting

The accounts have been prepared under the historical cost convention. The accounts are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Going concern

These financial statements have been prepared on the going concern basis.

Income recognition

Income is recognised in the period in which services are provided.

Functional & presentation currency

The functional currency is US\$. The accounts have been presented in US\$.

Pension / retirement plan costs

Contributions payable to the defined contribution retirement benefit schemes are charged to the profit and loss account in the period to which they relate.

Comparatives

The company was dormant throughout the year ended 31 December 2008 and the Directors claimed the exemption from audit provided by CA1985 s249AA(1). The comparatives are therefore unaudited.

JANE STREET FINANCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2009****1. Turnover**

The turnover is attributable entirely to amounts charged to Jane Street Holding, LLC, in the United States of America, exclusive of VAT (see note 11).

2. Operating profit

	2009 \$	Unaudited 2008 \$
Operating profit is stated after charging		
Auditor's remuneration - audit services	6,463	-
- other accounting services pursuant to company legislation	5,232	-
- other services relating to taxation	4,231	-
- all other services	3,063	-
	<u> </u>	<u> </u>

3. Tax on profit on ordinary activities

Current tax

UK corporation tax	486,970	-
	<u> </u>	<u> </u>

Factors affecting the current tax charge for the period

Profit on ordinary activities before tax	1,745,654	-
	<u> </u>	<u> </u>

Profit on ordinary activities multiplied by standard rate of corporation tax of 28%

488,783	-
<u> </u>	<u> </u>

Effects of

Expenses not deductible for tax purposes	867	-
Foreign exchange adjustments	(2,680)	-
	<u> </u>	<u> </u>

Current tax charge for the period	486,970	-
	<u> </u>	<u> </u>

JANE STREET FINANCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2009****4. Pensions (retirement plans)**

	2009	Unaudited
	\$	2008
		\$
Pension (retirement plan) costs for the period	15,334	-
No amounts were outstanding at 31 December 2009 (2008 - \$nil)		

The Jane Street Group operates defined contribution pension schemes (retirement plans), the assets and liabilities of which are held separately from those of the company. The costs are allocated between Group entities as disclosed in note 5.

5 Staff costs

Wages and salaries	3,781,754	-
Social security costs	33,277	-
Other pension (retirement plan) costs	15,334	-
	<u>3,830,365</u>	<u>-</u>

The average number of persons, including executive directors, employed by the company during the year was 8.

Management	1	-
Back office	3	-
Front office	4	-
	<u>8</u>	<u>-</u>

Staff are remunerated by other entities within the Jane Street Group. Remuneration is allocated between group entities on the basis of time spent and the amounts allocated to the company are as disclosed above.

6. Directors' Remuneration

Remuneration	3,059,947	-
Contributions to retirement plans	5,638	-
	<u>3,065,585</u>	<u>-</u>

The emoluments of Directors disclosed above include the following amounts paid to the highest paid Director.

Remuneration	2,369,816	-
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The Directors of the company are remunerated by other entities within the Jane Street Group. Remuneration is allocated between group entities on the basis of time spent and the amounts allocated to the company are as disclosed above.

JANE STREET FINANCIAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2009**

7. Debtors	2009	Unaudited 2008
	\$	\$
Due within one year		
Corporation tax recoverable	78,546	-
Called up share capital not paid	-	2
	<hr/>	<hr/>

8. Creditors: amounts falling due within one year

Amounts owed to group undertakings (see note 11)	5,276,019	-
	<hr/>	<hr/>

9. Called up share capital

Class Ordinary £1

Authorised

0 (2008 – 1,000) ordinary shares of £1 each

-	1,986
<hr/>	<hr/>

Called up, not paid

0 (2008 – 1) ordinary share of £1 each

-	2
<hr/>	<hr/>

Class Ordinary USD1

Authorised

20,000,000 (2008 – 0) ordinary shares of US\$1 each

20,000,000	-
<hr/>	<hr/>

Allotted, called up and fully paid

4,000,000 (2008 – 0) ordinary shares of US\$1 each

4,000,000	-
<hr/>	<hr/>

During the year the company authorised 20,000,000 new ordinary shares of US\$1 each. 4,000,000 of these were allotted and paid up at par. The ordinary £1 share class was cancelled during the year.

10. Parent company

The company is a wholly owned subsidiary of Jane Street Holding, LLC, an entity that was formed under the laws of the State of Delaware in the United States of America. The ultimate controlling party of the company is Jane Street Holding, LLC, which is the only group member producing consolidated accounts including the results of the company.

JANE STREET FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

11. Related party transactions	2009 \$	Unaudited 2008 \$
<i>Jane Street Holding, LLC</i> (see note 10)		
Turnover	6,109,789	-
Closing (creditor) / debtor balance	(2,307,908)	2
<i>Jane Street Capital, LLC</i>		
Closing creditor balance	(13,779)	-
<i>Jane Street Europe Limited</i>		
Closing creditor balance	(2,954,332)	-

The above are all fellow group companies. The company provides investment management and acts as agent for other entities within the Jane Street Group. All three above meet various payments or provide operating cash flows to the company. Amounts due between group entities are interest free and have no set repayment dates. Balances are intended to settle, in time, through the operating cash flows of the group.

The Directors have interests in the capital of Jane Street Holding, LLC, which is the parent company of Jane Street Europe Limited, the company and Jane Street Capital, LLC, and therefore are interested in all transactions between these entities.

12. Shareholder's funds	Share Capital \$	Profit & Loss Reserve \$	Total 2009 \$	Total 2008 \$
Opening shareholder's funds	2	-	2	2
Redenomination and allotment of share capital	3,999,998	-	3,999,998	-
Profit for the period	-	1,258,684	1,258,684	-
Closing shareholder's funds	4,000,000	1,258,684	5,258,684	2

13. Reconciliation of operating profit to net cash flow from operating activities	2009 \$	Unaudited 2008 \$
Operating profit	1,745,654	-
Increase in creditors	5,276,019	-
Net cash inflow from operating activities	7,021,673	-

Jane Street Financial Limited Pillar 3 Disclosures
For period ending 31 December 2009

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The following pages do not form part of the audited financial statements

Purpose of disclosures

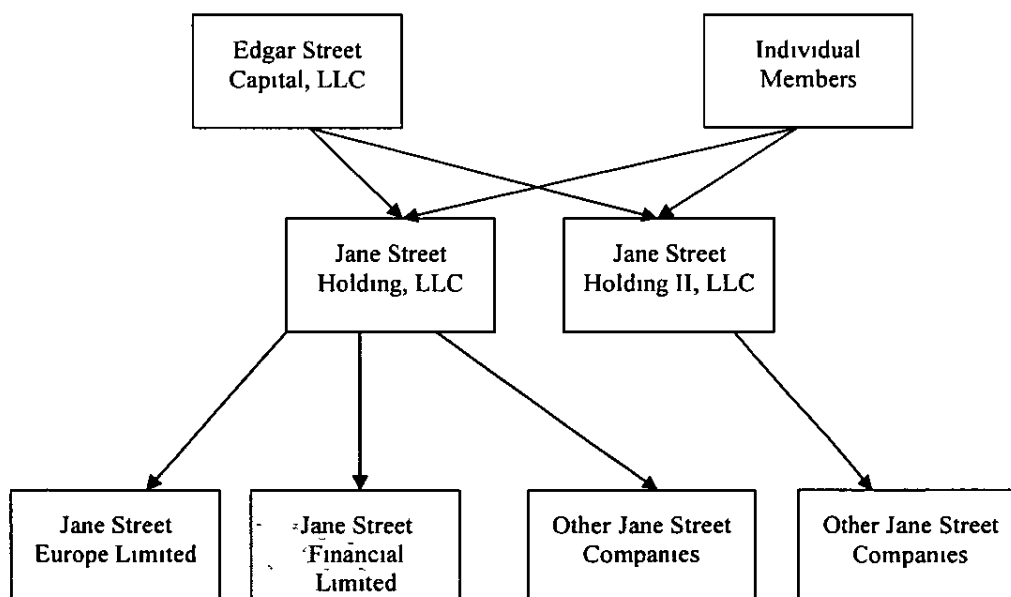
This document sets out the Pillar 3 market disclosures for Jane Street Financial Limited ("JSFL") as of 31 December 2009

The following disclosures refer to JSFL on a stand alone basis

The purpose of Pillar 3 is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment process. The disclosures are to be made public for the benefit of the market

Background of Jane Street Financial Limited

JSFL is authorised and regulated by the Financial Services Authority ("FSA") and is a full scope BIPRU 730K firm. It is a member of the Jane Street Group and is wholly owned by Jane Street Holding, LLC ("JSH"), a United States firm. The Jane Street Group employs approximately 200 professionals in offices in New York, Tokyo and London. JSFL was established in London for the purpose of providing investment services to the European operations of the Jane Street Group.



JSFL is compensated for its activities by The Jane Street Group pursuant to an intercompany agreement

The Jane Street Group engages in proprietary trading using quantitative strategies

Certain entities within the Jane Street Group are subject to regulatory supervision and are registered market makers on United States exchanges. Entities within the Jane Street Group are members of the Financial Industry Regulatory Authority ("FINRA"), NYSE Arca Exchange, BATS Exchange, The Chicago Board Options Exchange, The Chicago Mercantile Exchange, and the Comex division of NYMEX. The Jane Street Group is not subject to consolidated supervision by the United States regulators.

The Jane Street Group endeavours to be a leader in performance, experience, and education. The Jane Street Group is well capitalized and has the size and resources to successfully make markets and profitably trade under both normal and stressed market conditions. The Board of Directors is

familiar with the financials of JSH and feels that it is adequately capitalized to fulfill all financial obligations of JSFL

Planned activities of Jane Street Financial Limited

JSFL has been established to provide investment management to the Jane Street Group, to conduct proprietary trading activities in securities and derivatives. It is currently acting only in an agency capacity. Authorized in May 2009, JSFL is in the process of building up its business activities to include trading as principal.

Risk Governance within Jane Street Financial Limited

JSFL is committed to implementing a good practice firm-wide governance and risk management framework appropriate to the size, nature and complexity of the business. The Governing Body for the risk framework within JSFL is the Board of Directors which has the ultimate responsibility for managing and controlling risk within the risk appetite of JSFL.

Risk management objectives and policies

Risk in JSFL is managed according to common principles and policies approved by the Board of Directors. The following key principles are central to the current functioning of, and ongoing enhancements to, JSFL's risk management strategy:

- 1 The setting of risk appetite limits,
- 2 Clearly articulated roles and responsibilities with appropriate segregation of duties,
- 3 Monitoring of the adequacy and effectiveness of key internal controls,
- 4 Regular reporting on risk-related issues and forecasts to the Board of Directors
- 5 Documented and communicated policies addressing key areas of risk to the business

Risk appetite limits

Risk appetite limits set out the amounts and type of risk that JSFL regards as appropriate for it to accept in order to execute its strategies. The Board of Directors sets and approves, on an annual basis, risk management objectives and limits for areas of actual or potential significant risk to the business. These limits will be reviewed to take into account any significant changes in the business.

Roles and Responsibilities

The Board of Directors retains final responsibility for ensuring that JSFL's risk management framework is appropriate to the size, nature and complexity of the business and that this framework is implemented consistently and effectively across JSFL. The principle of individual accountability and responsibility for risk management is an important feature of JSFL's culture.

Review and challenge is provided by the Co-Chief Executive Officers ("CEOs") and the Compliance Officer who ensure that the risk policies and procedures are correctly implemented within JSFL. These individuals monitor the overall adequacy and effectiveness of the risk management framework on behalf of the Board of Directors.

As a key part of ensuring a good control environment, JSFL monitors to determine where internal conflict may require segregation of functions within.

Key Control monitoring

JSFL believes that an effective system of internal control is an essential element of good management and JSFL puts in place appropriate procedures to ensure that key risks are

appropriately controlled within JSFL's risk appetite. Day to day independent and objective assessment and monitoring of key controls is provided by the CEOs / Compliance / external review

Risk reporting

Regular monitoring, which includes but is not limited to, day to day conversations between finance, legal, compliance, traders and the Board of Directors, is in place to allow the Board of Directors to review JSFL's risk profile against risk appetite, monitor losses, incidents and any breaches of the risk policy

Policy

JSFL has in place documented policies with respect to key areas of risk. These include Market Abuse, Personal Account dealing, Money Laundering, Trading limits, and others setting out JSFL's guidelines

Capital Resources

The regulatory capital requirement for JSFL as at 31 December 2009 is \$841 thousand. The actual capital held by JSFL as at 31 December 2009 is \$4 million, which gives a surplus of \$3,159 million.

As of 31 December 2009, JSFL met a minimum base requirement of €730 thousand (\$1,046 million) as a BIPRU 730K firm.

JSFL's capital resources as at 31 December 2009 are shown in the table below

Tier	Element	\$'000s
Tier 1	Permanent Share Capital	4,000
	Profit and loss account and other reserves (include material interim net losses)	0
	Tier 1 Deductions	0
	Total Tier 1 Capital	4,000
Tier 2	Total Tier 2 Capital:	0
	Total Tier 2 Deductions:	0
Tier 3:	Total Tier 3 Capital	0
	Total capital after deductions	4,000
	Regulatory capital requirement	841
	Surplus	3,159

Notes to Table

- 1 Permanent Share capital has been issued and fully paid up

- 2 Subsequent to the filing of FSA003 for December 31, 2009, JSFL's audited accounts reflect an increase in audited reserves of \$1 259 million, thus increasing the Tier 1 Capital base

JSFL's approach to assessment of capital adequacy

JSFL maintains sufficient capital to meet UK regulatory requirements. In line with these requirements, JSFL maintains the higher of Pillar 1 and Pillar 2 (ICAAP) capital requirements. The adequacy of the capital held by JSFL is assessed, at least annually, as part of the Individual Capital Adequacy Assessment Process (ICAAP) and is subject to formal sign off by the Board of Directors.

Pillar 1 capital calculation

Based upon its regulatory permissions and scope of activities, JSFL is subject to the capital requirements for a BIPRU 730K full scope firm. JSFL's Pillar 1 capital is based on the sum of credit, market, and operational risk requirements.

The following is the overall minimum capital requirement and capital adequacy as of 31 December 2009

	Calculation Method	Capital Requirement \$000s
Credit risk	JSFL uses the standardised approach, under which the capital requirement is calculated as 8% of the risk weighted exposure amounts as set out by the FSA (detailed breakdown is tabulated below)	167
Market risk	JSFL applies the standardised approaches (TSA) set out in the FSA's rules to calculate its market risk Currently JSFL does not have any trading positions, nor any foreign currency	0
Operational risk	JSFL follows the basic indicator approach to Operational Risk	674
Pillar 1 Capital	Sum of credit, market and operational risk	841
Regulatory Capital Resources	Total Capital Resources	4,000
Excess Capital Resources under Pillar 1	Capital Surplus	3,159

The following table analyses the calculation between the standardised credit risk exposure classes

	Exposure \$000s	Average risk weight	Risk weighted exposure \$000s	Capital Requirement \$000s
Financial Institutions	10,456	20%	2,091	167
Corporate	0	100%	0	0
Total	10,456	20%	2,091	167

Note Corporate exposures normally represent unrated exposures and attract 100% weighting. However, at year end none of these types of exposures existed on the Balance Sheet. JSFL applies rating agents' credit assessments to determine risk weights.

Pillar 2 (ICAAP)

JSFL's ICAAP assesses the amount of capital required to mitigate the risks to which JSFL is exposed over a 12 month time horizon. The ICAAP considers the impacts of future business plans as well as potential adverse scenarios (such as market downturns or significant operational errors) on the capital resources of JSFL, to ensure regulatory capital requirements are met at all times.

JSFL's exposure to risk categories as defined by the FSA and JSFL's strategies with respect to material risk categories are shown below.

Risk type	Treatment
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Examples of significant operational incidents that could arise are technology failures, failure of a Prime Broker or mis-trading of products. For JSFL, this is mitigated by the use of its business continuity plan, use of multiple Prime Brokers, and internal risk controls on trading systems.
Market Risk	Market risk is defined as the risk of loss arising from fluctuations in values of, or income from, assets or arising from fluctuations in foreign exchange rates. JSFL does not currently hold proprietary positions and does not have any foreign currency exposures.
Credit Risk	Credit risk is defined as the risk of loss caused by the failure of a counterparty to perform its contractual obligations. A factor which may contribute to increased credit risk is concentration of assets held with a single counterparty. JSFL is primarily exposed to credit risk in respect of intercompany charges and from cash deposits with banks. While being monitored closely, JSFL only places deposits with institutions having a minimum credit rating of AA and considers the credit risk from the Jane Street Group to be low.

FIRM Pillar III Market Disclosures document

Counterparty Risk	Currently JSFL only acts as agent, therefore is not subject to Counterparty Risk with respect to unsettled trades JSFL therefore considers the Pillar 1 requirement to be sufficient for this exposure
Concentration Risk	<p>The concentration risk rules are designed to ensure that a firm does not have exposures to counterparties that are so large that it risks a large loss should the counterparty default, which may ultimately threaten the solvency of the firm</p> <p>For JSFL's non-trading book activity, large exposures are closely monitored</p>
Business and Strategic risk	Business risk is any risk to a firm arising from changes in its business, including the risk that the firm may not be able to carry out its business plan and its desired strategy In a narrow sense, business risk is the risk to a firm that it suffers losses because its income falls or is volatile relative to its fixed cost base However, in a broader sense, it is exposure to a wide range of macroeconomic, geopolitical, industry, regulatory and other external risks that might deflect a firm from its desired strategy and business plan
Liquidity risk	<p>Liquidity risk is defined as the risk that a firm, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost</p> <p>There are two primary types of liquidity risk – funding liquidity risk and asset liquidity risk Funding liquidity covers the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price Asset liquidity risk is the risk that an asset cannot be sold due to lack of liquidity in the market These are linked – when markets becomes volatile and illiquid, funding requirements such as margin haircuts generally increase, causing an increase in liabilities that may be difficult to meet through asset sales</p> <p>JSFL's financial obligations consist of normal business costs (salaries, rent, etc)</p> <p>JSFL's assets consist of cash accounts held with regulated financial institutions</p> <p>Trades are currently conducted on an agency basis, therefore, JSFL is not currently exposed to trading book liquidity risk</p>
Non-applicable risk categories	<p>The following risk categories are deemed insignificant to JSFL's activities</p> <ul style="list-style-type: none">• Interest rate risk• Securitisation risk• Residual risk

In addition, JSFL has considered the effect of stress scenarios on the firm's forecast

Pillar 3 process

JSFL provides annual Pillar 3 disclosures

Disclosures are verified and approved by JSFL's Board of Directors