

The Bank of New York Capital Markets Limited

Strategic report, Directors' report and financial statements

Registered number: 01712753

For the year ended 31 December 2014

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The Bank of New York Capital Markets Limited

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The Bank of New York Capital Markets Limited

Board of Directors and other information

Directors

J Jack (Chair)

J M Johnston

Secretary

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

Auditor

KPMG LLP

15 Canada Square

London

E14 5GL

Registered Office

One Canada Square

London

E14 5AL

Registered Number

01712753

The Bank of New York Capital Markets Limited

Strategic report

In accordance with Section 414A(1) of the Companies Acts 2006, the directors have prepared the Strategic Report which includes a review of The Bank of New York Capital Markets Limited ("the Company") business and future developments, a description of the principal risks and uncertainties facing the group and key performance indicators.

Business review

The Company's key financial and other performance indicators during the year were as follows:

	2014 \$000	2013 \$000	Change \$000	Change %
Administrative expenses	15	16	(1)	(6)%
Net assets	8,103	75,245	(67,142)	(89)%

The Company reported a pre-tax profit of \$138,000 in 2014 (2013: \$30,000). The Company earned no fee revenue during 2014 (2013: \$nil). Administrative expenses were composed entirely of audit fees in both 2013 and 2014. The Company made a profit in 2014 largely due to interest income received from group undertakings.

In April 2014, the Company declared and paid a dividend of \$8,500,000 to The Bank of New York Mellon (International) Limited.


During December 2014, the Company was involved in a capital restructuring exercise whereby The Bank of New York Mellon (International) Limited contributed 100% of its shares in the Company to BNY Trust Company Limited in exchange for an issuance of shares by BNY Trust Company Limited. The Company then declared and paid a dividend to BNY Trust Company Limited of \$58,750,000. Both factors contributed towards the significant reduction in the net assets of the company in 2014.

Future developments

The BNY Mellon Group is currently reviewing the future of the Company as part of its overall plan to rationalise its legal entity structure.

Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 4 - 6.



J Jack
Director
9 September 2015

The Bank of New York Capital Markets Limited
One Canada Square
London
E14 5AL

Registered number: 01712753

The Bank of New York Capital Markets Limited

Directors' report

The directors present their report and financial statements of The Bank of New York Capital Markets Limited ("the Company") for the year ended 31 December 2014.

Principal activities

The Company was not engaged in any ongoing business activities during the year.

Results and dividends

The profit for the year after taxation amounted to \$108,000 (2013: \$23,000).

Interim dividends amounting to \$67,250,000 were declared and paid during the year (2013: \$nil). The directors do not recommend a final dividend for the year ended 31 December 2014 (2013: \$nil).

Risk Management

Governance and policies

Policies and procedures are in place to govern and manage the business. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

Governance of the Company is the ultimate responsibility of the Board of Directors. The Board is responsible for the ongoing success and development of the Company's business as well as setting the risk appetite for the firm as part of the risk framework.

The Board of Directors is responsible for the oversight of the following:

- the risk management activities of the Company;
- the risks inherent in the business of the Company and the control and mitigation processes with respect to such risks; and
- the assessment and review of these risks including credit, market, fiduciary, regulatory, liquidity, reputational, operational, fraud, strategic, technology, data security, business continuity and other risks.

Key committees are in place to oversee compliance and risk management of the business to ensure adequate risk management and controls are in place. Each committee has clearly stated terms of reference and reporting lines.

The Company is also a part of BNY Mellon's EMEA (Europe, Middle East and Africa) Region and key regional oversight committees include:

- The EMEA Senior Risk Management Committee, which consists of representatives from risk committees across EMEA legal entities, business groups and countries and is a point of convergence for all EMEA risk committees. The Committee's main purpose is to receive, review and discuss risk and compliance matters relevant to EMEA legal entities and business groups, and assess the regional impact;
- The EMEA Asset & Liability Committee, which has oversight responsibility for the balance sheet liquidity management of branches of BNY Mellon Corporation in the EMEA region in addition to EMEA legal entities and is responsible for the efficient and effective functioning of local country asset and liability committees and branch liquidity committees in the EMEA region.

The Bank of New York Capital Markets Limited

Directors' report- continued

Risk management process

The lines of business are responsible for actively identifying the risks associated with their key business processes, business change or external threats, identifying and assessing the quality of controls in place to mitigate risk and assigning accountability for the effectiveness of those controls.

The Risk Appetite at Bank of New York Mellon Corporation group ("the Group") level is set and owned by the BNY Mellon Board of Directors, giving the overall strategy and willingness to take on risk at a global level. The Company's risk appetite is commensurate with local business and regulatory requirements, within the guidance set by the group and in coordination with the relevant business expertise.

The Board adopts a prudent appetite to all elements of risk to which the Company is exposed. The Company's activities are managed and controlled in a manner consistent with the Board's stated tolerance using defined quantitative and qualitative measurements.

The Company recognises and manages the following risks through its risk management framework:

Credit risk

Credit risk covers default risk from counterparties for loans and other assets where realisation of the value of the asset is dependent on counterparties ability to perform.

Market risk

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange exposure in respect of revenue, expenses, deposits and borrowings, and interest rate exposure on cash balances, deposits and borrowings.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events, including the potential for loss that arises from problems with operational processing, human error or omission, breaches in internal controls, fraud, and unforeseen catastrophes.

Liquidity risk

Liquidity risk is the risk that a firm, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Business risk

Business risk includes 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.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the firm and its executors to fines, payment of damages, the voiding of contracts and damaged reputation.

The Bank of New York Capital Markets Limited

Directors' report- continued

Directors

The directors who served during the year and up to the date of the report were as follows:

Directors	Appointment	Resignation
J Jack (Chair)	-	-
J M Johnston	-	-

Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the directors (2013: \$nil).

Post balance sheet events

There are no significant post balance sheet events.

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



J Jack
Director
9 September 2015

The Bank of New York Capital Markets Limited
One Canada Square
London
E14 5AL

Registered number: 01712753

The Bank of New York Capital Markets Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of The Bank of New York Capital Markets Limited

We have audited the financial statements of The Bank of New York Capital Markets Limited for the year ended 31 December 2014 set out on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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, and express an opinion on, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

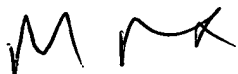
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and 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.



Paul Furneaux (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

 September 2015

The Bank of New York Capital Markets Limited

Profit and loss account for the year ended 31 December 2014

	Notes	2014 \$000	2013 \$000
Turnover		-	-
Administrative expenses	2	(15)	(16)
Operating loss		(15)	(16)
Interest receivable and similar income	5	154	47
Interest payable and similar expense	6	(1)	(1)
Profit on ordinary activities before taxation		138	30
Taxation on profit on ordinary activities	7	(30)	(7)
Profit for the financial year		<u>108</u>	<u>23</u>

Notes 1 to 15 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year relate to continuing operations.

The Company has not prepared a separate statement of total recognised gains and losses as all gains and losses are reflected in the profit and loss account above.

The Bank of New York Capital Markets Limited

Balance sheet at 31 December 2014

	Notes	2014 \$000	2013 \$000
Current assets			
Debtors	8	8,012	8,013
Cash at bank and in hand	9	121	67,254
Creditors: amounts falling due within one year	10	(30)	(22)
Net assets		<u>8,103</u>	<u>75,245</u>
Capital and reserves			
Called up share capital	11	- *	- *
Other distributable reserves	12	7,995	16,496
Profit and loss account	13	108	58,749
Shareholders' funds	13	<u>8,103</u>	<u>75,245</u>

* Called up share capital consists of one ordinary share of \$1 nominal value

Notes 1 to 15 are integral to these financial statements.

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



J Jack
Director
9 September 2015

The Bank of New York Capital Markets Limited

Notes to the financial statements at 31 December 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

There have been no significant changes to UK accounting policies during the year. However, the accounting framework is changing as from 1 January 2015 after which the Company will present its financial statements in accordance with FRS101.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable UK accounting standards and under the historical cost accounting rules.

Related party transactions

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Cash flow statement

The Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 3. In addition, the Directors' report includes the Company's objectives, policies and processes for managing its capital and its financial risk management objectives.

The directors perform an annual going concern assessment that considers, under a stress test scenario, the Company's ability to meet its forecast financial obligations as they fall due for a period of at least twelve months after the date that the financial statements are signed. The Company has adequate liquidity and capital, and appropriate cash flow management. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above assessment of the Company's financial position, liquidity and capital, the directors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Interest, fees and commission

Interest, fees and commission, both income and expense, are recognised on an accruals basis.

The Bank of New York Capital Markets Limited

Notes to the financial statements - continued at 31 December 2014

1. Accounting policies - continued

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined.

Taxation

Income tax comprises current tax. Income tax is recognised in the profit and loss account. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised without discounting on timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are generally recognised and deferred tax assets are recognised to the extent that it is probable that they will be recoverable. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when a legal right to offset exists in the entity.

2. Administrative expenses

	2014 \$000	2013 \$000
Audit of these financial statements pursuant to legislation	15	16

3. Staff costs

The Company had no employees during the year ended 31 December 2014 (2013: nil).

4. Directors' emoluments

The Directors did not receive any remuneration for their services in respect of the Company (2013: \$nil).

5. Interest receivable and similar income

	2014 \$000	2013 \$000
Receivable from group undertakings	154	47

The Bank of New York Capital Markets Limited

Notes to the financial statements - continued at 31 December 2014

6. Interest payable and similar expense

	2014 \$000	2013 \$000
Net foreign exchange losses	1	1

7. Taxation

<i>Analysis of charge in period</i>	2014 \$000	2013 \$000
Taxation is based on profit before tax for the year and comprises:		
Current corporation tax charge for the year at 21.5 % (2013: 23.25%)	30	7
Adjustments in respect of prior periods:		
- UK corporation tax	-	-
Taxation on profit on ordinary activities	30	7

Factors affecting the tax charge for the current period

The current corporation tax charge for the year is consistent (2013: consistent) with the standard rate for the reasons set out in the following reconciliation:

	2014 \$000	2013 \$000
Profit on ordinary activities before tax	138	30
Tax charge on profit on ordinary activities at standard rate of 21.5% (2013: 23.25%)	30	7
Factors affecting tax charge:		
- Adjustments in respect of prior periods	-	-
- Losses surrendered	-	-
Current corporation tax charge for year	30	7

Factors that may affect future current and total tax charges

The main rate of UK corporation tax was reduced from 23% to 21% effective from 1 April 2014 and results in a weighted average tax rate of 21.50% for 2014 (2013: 23.25%). In addition, Finance Act 2013 enacted a further reduction in the rate of UK corporation tax to 20% from 1 April 2015.

The Bank of New York Capital Markets Limited

Notes to the financial statements - continued
at 31 December 2014

8. Debtors

Debtors: amounts falling due within one year

	2014 \$000	2013 \$000
Amounts due from group undertakings	12	13

Debtors: amounts falling due after more than one year

	2014 \$000	2013 \$000
Loan due from group undertakings	8,000	8,000

The Company issued an unsecured loan of \$8,000,000 to The Bank of New York Mellon (International) Limited on 23 August 2013. Interest is charged at 3 month US Dollar LIBOR plus 1.5%. The loan is repayable on 23 August 2016.

9. Cash at bank and in hand

	2014 \$000	2013 \$000
Cash at bank	121	67,254

Cash at bank includes \$121,000 (2013: \$67,254,000) of funds on deposit with a UK-regulated banking entity within the BNY Mellon group.

10. Creditors: amounts falling due within one year

	2014 \$000	2013 \$000
Corporation tax	16	6
Accruals and deferred income	14	16
	30	22

The Bank of New York Capital Markets Limited

Notes to the financial statements - continued at 31 December 2014

11. Called up Share capital

	2014 \$000	2013 \$000
Allotted, called up and fully paid:		
1 ordinary share of \$1 nominal value	- *	- *
(* rounded to the nearest thousand dollars)		

12. Other distributable reserves

	2014 \$000	2013 \$000
Other distributable reserves	7,995	16,496

13. Movement in reserves

	Called up share capital \$000	Profit & loss account \$000	Other distributable reserves \$000	Total \$000
2014				
At 1 January	- *	58,749	16,496	75,245
Dividend distribution		(58,749)	(8,501)	(67,250)
Profit for the financial year		108	-	108
At 31 December	- *	108	7,995	8,103

	Called up share capital \$000	Profit & loss account \$000	Other distributable reserves \$000	Total £000
2013				
At 1 January	16,496	58,726	-	75,222
Share capital reduction	(16,496)	-	16,496	-
Loss for the financial year	-	23	-	23
At 31 December	- *	58,749	16,496	75,245

* 1 ordinary share of \$1 nominal value

14. Transactions involving Directors, officers and others

At 31 December 2014 there were no loans or other transactions made to the Directors and officers of the Company (2013: \$nil).

The Bank of New York Capital Markets Limited

**Notes to the financial statements - continued
at 31 December 2014**

15. Parent company

The immediate parent of the Company is BNY Trust Company Limited, a company registered in England & Wales, with registered office at One Canada Square, London, E14 5AL.

The ultimate parent company as at 31 December 2014 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary
The Bank of New York Mellon Corporation
One Wall Street
New York, NY
10286
USA