RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED
(REGISTERED NUMBER: 3127076)

Directors' Report and Accounts
for the Year Ended 30 September 2013

Raymond James Financial International Limited

For Year Ended 30 September 2013

Company Registered Number 3127076

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Raymond James Financial International Limited

For Year Ended 30 September 2013

Company Information

Company Registered No.	3127076
Registered Office	Bishopsgate Court 4-12 Norton Folgate London, E1 6DB
Directors	Paul Steinhauser Jeff Trocin
Company Secretary	John Critchlow
Auditor	KPMG Audit Plc 15 Canada Square, London, E14 5GL

Raymond James Financial International Limited

Director's Report

For Year Ended 30 September 2013

The Directors submit to the Shareholders their report and accounts for the year ended 30 September 2013.

Principal Activities

The company is ordinarily engaged in the agency broking of transactions in US and European equity and debt securities with a targeted base of professional and eligible counterparty clients. The company also earns interest on its cash.

Going Concern Basis

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

Pillar 3 Disclosures

Introduction

The company is currently classified as a BIPRU €730K full scope firm and, as such, is required to comply with the three "Pillars" of the Capital Requirements Directive. These are:

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

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

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

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

Risk Management Policies and Objectives

Where possible, the company seeks to manage all of the risks that arise from its operations. The company has devised a prudential risk management framework that is appropriate to its size, scope and operations. The risk management framework identifies the key prudential risks faced by the company, and reports them to the Board of Directors. The Board of Directors is responsible for ensuring that an appropriate amount of capital, both in amount and quality, is maintained. Other risk management information is collected, reviewed, and where appropriate, acted upon as part of established internal procedures.

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

1. Business Risk
   - Market correction due to economic factors and/or a geopolitical event: Mitigated by the retention of appropriate capital resources, which are determined on the basis of stress testing, sensitivity testing and modelling;
   - Loss of key staff: Mitigated by the maintenance of competitive staff compensation, measured by industry benchmarking.

- Loss of key clients: Mitigated by diversification of clients and servicing clients with sales teams rather than one individual sales associate.

2. Counterparty Risk
   - Failure of a client to complete a dealing transaction: Mitigated by the credit analysis undertaken by the company as part of its account opening process and ongoing monitoring of clients' business activities; and

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

Risk Management Function

Given the size and scope of the company's business activities, the company does not have a dedicated risk management function. Instead, responsibility for risk management is shared among the Board of Directors, the Institutional Operating Committee (the "Committee")(a committee established by the Board consisting of senior managers within the company's group, each of whom is involved in the company's day-to-day business activities) and senior managers of the company. The company's Internal Capital Adequacy Assessment Process ("ICAAP"), which considers the material risks that the company is exposed to, is commissioned and approved by the Board on at least an annual basis.

Capital Resources

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

As a BIPRU 730K full scope firm, the company's Pillar 1 capital requirement will be calculated as the sum of the following:

- Credit Risk;
- Market Risk; and
- Operational Risk.

Credit risk has been calculated using the simplified approach. The company's Credit Risk Capital requirement was $232,000 as of 30 September 2013. While the company recognises that Market Risk will become a key risk when it is authorised as a full scope firm, until such time it has limited exposure to the Market Risk Capital Requirement. The company's Market Risk Capital Requirement was $605,000 as of 30 September 2013. The company's Operational Risk Capital Requirement was $1,598,000 as of 30 September 2013 using the basic indicator approach. Therefore, the company has determined that the Pillar 1 capital requirement is a total of $2,435,000. The company has also conducted Pillar 2 stress testing and, while the testing may affect liquidity, the Pillar 1 capital requirements are sufficient to cover all scenarios. Thus, the company's total minimum capital requirement is $2,435,000.

The company's capital resources are comprised entirely of share capital, share premium and audited reserves. Tier 1, Tier 2 and Tier 3 capital of the firm as at 30 September 2013 is as set out below:

	Tier 1 Capital ($'000)
Gross	5,478
Hybrid Tier 1 Capital	-
Other Tier 1 Capital	-
Deductions	-
Net	5,478
	Tier 2 Capital ($'000)
Gross	-
Deductions	-
Net	-
	Tier 3 Capital ($'000)
Gross	-
Net	-
	Total Capital ($'000)
Gross *	5,478
Deductions	-
Net	5,478

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

Integration into Business Strategy

The company's primary objectives are:

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

The company intends to maintain sufficient capital resources to allow it to achieve these objectives whilst meeting its regulatory obligations as demonstrated by current capital levels.

Remuneration Code

The company is a BIPRU €730K full scope firm and is considered a level 3 firm by the Financial Conduct Authority ("FCA") for purposes of the Remuneration Code (the "Code") based on relevant total assets. The company does not hold client money or assets and does not have the relevant regulatory permission to do so.

Given the size, nature and lack of complexity of the company, it is not proportionate to establish a remuneration committee. It is the role of the Institutional Operating Committee ("Committee"), as the body responsible for the governance of the company, to incorporate the fundamental principles of the Code in its oversight function. Specifically, the Committee has assumed the responsibilities of revising as necessary the company's remuneration policies to ensure compliance with FCA rules and regulations. The Committee has determined that the company's compensation structure is consistent with and promotes effective risk management and conforms to the general principles of the Code.

Specifically, the company has established a remuneration framework that is designed to be market competitive and motivate employees to improve individual and business performance, retain key employees and align employee actions with the interests of shareholders. While compensation arrangements for associates vary depending on the role and responsibilities of the individual, the remuneration structure of key sales and agency trading desk associates is commission-based. While this structure incentivises and rewards employees for increased business production, it also contains loss-sharing provisions for business generated that may result in losses for the company. Aligning the compensation scheme with both profits and losses motivates the employees to seek business with reputable, financially solvent clients which helps mitigate the company's exposure to counterparty risk.

As part of its obligations to comply with the Code, the company has undergone the process of identifying those associates known as Code Staff. Due to the low number of total staff, the company has elected as a starting point to review all associates' compensation. It has also included as part of the review employees of the Raymond James group, regardless of where the employee may be based, who perform any senior management function, senior influence or controlled function for the company ("group employees"). It is appropriate to estimate the amount of time spent by each group employee on company matters based on their global responsibilities before concluding that they are Code Staff. The company has also evaluated whether any associates classified as "high earners" may have a material impact on RJFI's risk profile. Based on this comprehensive review, the Committee has identified 7 associates as Code Staff. The company is entitled to disapply certain aspects of Principle 12 to one of the associates as "de minimis" relying on the guidance set in SYSC 19A.3.34G.

The company is required to disclose aggregate quantitative remuneration for its Code Staff. The total amount of remuneration paid to the 7 Code Staff for the fiscal year was $1,315,184 (fixed) and $3,032,540 (variable). These figures include remuneration paid by Raymond James group entities.

Results

The loss for the year was USD 1,596,735 (2012: gain USD 285,532) which has been transferred to reserves. The Directors have not proposed or paid any dividend during or in respect of the year (2012: $ nil).

Directors

The Directors who held office during the year are as follows:

Paul G. Steinhauser

Jeffrey E. Trocin

Directors' Interests

The ordinary shares of the Company are held by parent company Raymond James International Holdings.

There Directors of the Company do not hold any beneficial shares of the Company or stock of Raymond James International Holdings.

Statement of Directors' Responsibilities

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

Director's Report continued

For Year Ended 30 September 2013

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 judgements and estimates that are reasonable and prudent;

• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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

Directors' representation

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

Auditors

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

Disclosure of Information to Auditor

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

By order of the Board

Paul Steinhauser
Director

22 January 2014

4-12 Norton Folgate
London, E1 6DB

Raymond James Financial International Limited

Strategic Report

For Year Ended 30 September 2013

STRATEGIC REPORT– YEAR ENDED 30 SEPTEMBER 2013

Our Vision

To be a premier financial services provider built on trust and relationships. We will combine insightful, high quality research in select industry sectors with value-added financial insight and trading support to serve the needs of institutional clients.

Our Values

Our Core Values are instilled in the firm at the parent company level and embedded in our culture and business practices. In the pursuit of our goals, we conduct ourselves in accordance with the following precepts:

- Client First: Client interest is a priority.
- Conservatism: We take a long-term approach. Discipline in decision making translates to a strong, stable firm.
- Independence: We are an independent firm made up of empowered individuals who choose to make this company great.
- Integrity: We are forthright in our approach and earn each client's trust.

Strategic Objectives and Business Review

The firm's primary objectives are:

- To continue to operate in the EU market undertaking dealing relationships with professional and eligible counterparty clients;
- To increase the size of the business operations through organic growth;
- To achieve economies of scale that will allow the company to increase its profitability, thereby providing a greater return to its shareholders.

The company intends to maintain sufficient capital resources to allow it to achieve these objectives whilst meeting its regulatory obligations as demonstrated by current capital levels.

Turnover was $10.60 million (2013), an increase of 41% versus $7.51 million (2012). However, net profit was -$1.6 million compared with $0.29 million in September 2012, a decrease primarily attributed to the establishment of a fixed income team and associated initial start-up costs. As revenues continue to increase and initial start-up expenses decrease, we anticipate net profit to move toward positive territory.

We continue to build our business through organic growth and by providing existing clients with access Raymond James resources and superior service. We are confident that we will continue to succeed in the UK by providing excellent service, robust trading services and premier research access. Our confidence also reflects the commitment and enthusiasm of our staff and management team to whom we extend our thanks.

Raymond James Financial International Limited

Strategic Report continued

For Year Ended 30 September 2013

Principal risks and uncertainties

The company has identified the following principal risks:

- Business Risk
  - Market correction due to economic factors and/or a geopolitical event: Mitigated by the retention of appropriate capital resources, which are determined on the basis of stress testing, sensitivity testing and modelling;
  - Loss of key staff: Mitigated by the maintenance of competitive staff compensation, measured by industry benchmarking.
  - Loss of key clients: Mitigated by diversification of clients and servicing clients with sales teams rather than one individual sales associate.
- Counterparty Risk
  - Failure of a client to complete a dealing transaction: Mitigated by the credit analysis undertaken by the company as part of its account opening process and ongoing monitoring of clients' business activities.
- Currency Risk
  - Company's loss of income due to currency fluctuations: Mitigated by maintaining sufficient cash reserves to absorb currency fluctuations.

These principal risks of the Company are aligned with the risks of the parent company Raymond James Financial Inc. (RJF). Risk management policies and procedures for the Company are set and managed by the Board of Directors in line with RJF practices.

The Board is ultimately responsible for the Company's risk management and internal control systems. It determines the nature and extent of the significant risks considered appropriate in pursuit of the Company's strategic objectives. Accountability for identifying and managing business risks lies with line management, with Board oversight.

Risk management is considered to be of paramount importance in day-to-day operations. Consequently, significant resources (including investments in employees and technology) are devoted to measurement, analysis and management of risk.

Information in relation to the Company's risk management is included in the Company's Pillar 3 statement which accompanies the management accounts.

By order of the Board

Paul Steinhauser
Director

22 January 2014

4-12 Norton Folgate
London
E1 6DB

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAYMOND JAMES FINANCIAL INTERNATIONAL LIMITED

We have audited the financial statements of Raymond James Financial International Limited for the year ended 30th September 2013 set out on pages 11 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 pages 3-4, 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, 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 (APB'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 http://www.frc.org.uk/apb/scope/private.cfm.

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 30th September 2013 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Richard Scott Hopkins

Richard Scott Hopkins (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc
15 Canada Square
Canary Wharf
London, E14 5GL

23/1/14

Raymond James Financial International Limited

Profit and Loss Account
for the Year Ended 30 September 2013

Company Registered Number 3127076

	Note	2013 USD	2012 USD
Turnover	1	10,598,196	7,509,002
Cost of sales	1	(4,044,493)	(2,818,342)
Gross profit		6,553,703	4,690,660
Administrative expenses	3	(8,160,776)	(4,280,694)
Operating (loss)/profit		(1,607,073)	409,966
Interest receivable	1	8,206	5,530
(Loss)/profit on ordinary activities before taxation	2	(1,598,867)	415,496
Tax on (loss)/profit on ordinary activities	4	2,132	(129,964)
(Loss)/profit on ordinary activities after taxation	6, 7	(1,596,735)	285,532

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

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

The notes on pages 13 to 16 form part of these accounts.

Raymond James Financial International Limited

Balance Sheet

As at 30 September 2013

Company Registered Number 3127076

	Note	30 September 2013	30 September 2012
		USD	USD
Current assets			
Amounts owed by group undertakings		357,847	722,486
Cash at bank		6,533,932	7,791,391
		6,891,779	8,513,877
Creditors – Amounts falling due within one year			
Accruals	5	(1,403,710)	(809,588)
Amounts owed to group undertakings		(10,623)	(500,144)
UK Corporation Tax	4	-	(129,964)
		(1,414,333)	(1,439,696)
Net assets		5,477,446	7,074,181
Capital and reserves			
Called up share capital	6	6,111,292	6,111,292
Share premium account	6	318,687	318,687
Profit and loss account	6	(952,533)	644,202
Total shareholders' funds	7	5,477,446	7,074,181

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

Paul Steinhauser 22 January 2014
Director

The notes on pages 13 to 16 form part of these accounts.

1. ACCOUNTING POLICIES

Basis of preparation

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

Turnover

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

Cost of sales

Cost of sales comprises commissions payable to the independent agents and the employed sales team, together with the clearing costs payable to Raymond James and Associates, Inc.

Interest income

Interest income is accounted for on an accruals basis.

Cash Flow statement

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

Deferred Taxation

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

Foreign Exchange

Transactions denominated in foreign currencies are translated into USD at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD are translated into USD at rates ruling at the balance sheet date. Differences on currency translation are recognised in the profit and loss account.

2. Profit on ordinary activities before taxation

	2013	2012
	USD	USD
Profit on ordinary activities before taxation is after charging:		
Auditor's remuneration	-	-
- Audit Fees	60,000	60,000

3. Directors' Remuneration and Staff Costs

The directors are employees of another member company (Raymond James & Associates, Inc.) and are paid by this principal employer. Each director receives USD 1,000 as compensation for their services on the board. The average number of employees during the year was 33.58 (2012: 20.83). Wages and salaries for the year amounted to USD 2,282,507 (2012: USD 1,658,919). Social security costs were USD 969,526 (2012: USD 585,147).

4. Taxation

	2013	2012
	USD	USD
Current tax:		
UK Corporation tax on profit/(credit for loss) for the year	(2,132)	129,964

	2013	2012
Current tax reconciliation	USD	USD
Profit/(loss) on ordinary activities before taxation	(1,598,867)	415,496
Tax on ordinary activities at 23.5% (2012: 25%)	(375,734)	103,874
Tax on expenses not deductible for tax purposes	28,751	26,090
Total tax charge/(credit)	(346,983)	129,964
Unrelieved tax carried forward	346,983	-
Prior year estimate to actual adjustment	(2,132)	-
Total tax charge/(credit) for the year	(2,132)	129,964

The UK Corporation tax for the year ended 30 September 2013 was 23.5%. (2012: 25%)

The Finance Act 2013 substantively enacted on 3 July 2013 the fall in UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% from 1 April 2015.

This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 2.5% rate reduction with effect from 1 April 2014, or the further 1% rate reduction from 1 April 2015, although both reductions will further reduce the company's future current tax charge.

There were no factors that may affect future tax changes.

Raymond James Financial International Limited

Notes to the Accounts
for the Year Ended 30 September 2013

5. Accruals:

	2013	2012
	USD	USD
Bonus & Pension Payable	999,209	289,452
Commissions Payable	344,501	460,136
Auditor's Fees Payable	60,000	60,000
Miscellaneous Payable	-	-
Accruals	1,403,710	809,588

6. Share Capital and Reserves

	Called up Share Capital	Share Premium Account	Profit and Loss Account
	USD	USD	USD
At 30 September 2012	6,111,292	318,687	644,202
Issuance of Share Capital	-	-	-
Profit/(loss) for the year	-	-	(1,596,735)
At 30 September 2013	6,111,292	318,687	(952,533)

Authorised share capital is represented by 80,000 ordinary shares of GBP 50 each (2012: 80,000).

Issued share capital is represented by 75,947 ordinary shares of GBP 50 each (2012: 75,947).

7. Reconciliation of Movements in Shareholders' Funds

	2013	2012
	USD	USD
Opening shareholders' funds	7,074,181	6,788,649
Issuance of Share Capital	-	–
Share Premium		
Gain/(loss) for the year	(1,596,735)	285,532
	5,477,446	7,074,181

8. Parent Companies

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

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

9. Related Party Transactions

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

10. Subsequent Events

December 2013 there was a capital injection into Raymond James Financial International ("RJFI") Limited from parent company, Raymond James International Holdings ("RJIH"). RJIH authorised the removal of RJFI's authorised share capital limit and granted RJFI directors the authority to allot RJFI shares up to an aggregate nominal amount of £25,000,000. Furthermore, 122,750 ordinary shares of RJFI were issued at £50.00 and subscribed to by parent RJIH for a total aggregate amount of £6,137,500.