

ConvergEx Limited (formerly BNY ConvergEx Limited)

Financial Statements

31 December 2009

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COMPANIES HOUSE

Directors' report

Registered No 06262150

Directors

Gareth Jones
Craig Lax
David Michael (appointed 6 August 2009)
Carey Pack

Secretary

Norose Company Secretarial Services Ltd
3 More London Place
London SE1 2AQ

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Solicitors

Norton Rose
3 More London Place
London SE1 2AQ

Bankers

Barclays Bank PLC
United Kingdom House
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7th Floor
London W1D 1EA

Registered office

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Directors' report

Registered No 06262150

The directors present their report and financial statements of ConvergEx Limited ('Group' and "Company") for the year ended 31 December 2009. The name of the Company was changed from BNY ConvergEx Limited by special resolution of the Board on 22 June 2009.

Principal activities and review of the business

The principal activities of the Group and Company during the year were

- Introducing broker/dealer for electronic institutional agency brokerage services provided by G-Trade Services, LLC ('G-Trade'),
- Introducing broker/dealer for sales-trading institutional agency brokerage services provided through ConvergEx Global Markets ("CGM"),
- International marketing of transition management services provided by the Global Transition Management ("GTM") group of BNY ConvergEx Execution Solutions, LLC ('CES'),
- International marketing of commission recapture services provided by the Lynch, Jones & Ryan ('LJR') group of CES, and
- International marketing of commission management services provided by Westminster Research Associates, LLC ("WRA"), and
- International marketing of trade order management software and related services provided by Eze Castle Software, LLC ('ECS')

Each of the foregoing activities was conducted through clearly identifiable Divisions of staff ("Divisions"). The Divisions align to relevant BNY ConvergEx Group, LLC ("BNY ConvergEx Group") subsidiaries that support broadly the same businesses in the United States of America.

The Company's institutional clients include investment managers, hedge funds, corporations, plan sponsors, broker-dealers, and financial intermediaries.

The Company is a wholly owned subsidiary of BNY ConvergEx Group. ConvergEx Holdings LLC ("Holdings") and Eze Castle Software, Inc. ("Eze Castle") own all of the membership interests in BNY ConvergEx Group (together, Holdings, BNY ConvergEx Group, and Eze Inc. to be referred to as "ConvergEx"). The Bank of New York Mellon Corporation ("BNY Mellon") (through its wholly owned subsidiary, Agency Brokerage Holding, LLC) and private investment funds managed by GTCR Golder Rauner, LLC, a private equity firm, each hold a 33.2 percent ownership stake in Holdings, with the remaining ownership stake held by ConvergEx's directors, management team and employees.

Only the G-Trade and CGM Divisions perform functions that are considered regulated activities by the Financial Services Authority ("FSA") and contract directly with clients. All other Divisions exist in a sales and marketing capacity to develop clients for the affiliated business lines under BNY ConvergEx Group who contract with clients directly.

The Company is authorised and regulated by the FSA pursuant to the Financial Services & Markets Act 2000. All of the Company's undertakings during the year are conducted within the permissions granted to the Company by the FSA.

Directors' report

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Performance for the year

The results of the Group are set out in the profit and loss account on page 9. The profit for the year amounts to £469,860 (2008 (£273,935)). The directors do not recommend the payment of a dividend.

The major drivers of the profit earned during the year were intercompany support agreements and trading revenue.

The Key Performance Indicators for the year ended 31 December 2009 are as follows:

	2009 £'000	2008 £'000
Turnover	8,767	9,849
Interest income	10	97
Operating expenses	(8,211)	(10,220)
Profit/(loss) on ordinary activities after tax	470	(274)
Net Assets	3,241	2,476
vdAverage number of employees	24	29

The Company acquired certain assets and liabilities of BNY Securities Limited, a subsidiary of The Bank of New York Mellon Corporation, and began operations on 1 February 2008.

On 4 August 2009, the Company acquired the entire share capital of Eze Castle Software Limited, a subsidiary of ECS, through the issuance of 275,000 £1 ordinary shares to ECS. Following the acquisition, Eze Castle Software Limited ("the subsidiary undertaking") issued a dividend in specie, comprising net assets of £294,618, to the Company. The subsidiary undertaking has not traded since its acquisition by the Company.

Principal risks and uncertainties

Business risks concern the typical macroeconomic issues that affect markets in general, such as a weakening of economic conditions or a more challenging operating environment as a result of new technology, regulatory and statutory requirements.

The Company derives a significant proportion of its revenues from professional money managers, including hedge funds. Although trading volumes often initially increase during times of market volatility, the onset of a market downturn and tougher trading conditions could result in a fall in volumes placed by hedge funds, and a commensurate decline in commission revenues earned. The Company strives to mitigate this risk through its agency and customer service models to increase market share from current client base combined with focused sales efforts to increase the client base.

The principal risks and uncertainties facing the Company are credit risk, liquidity risk and market risk, a review of each of which is included in note 15 to the financial statements, and operational risk.

BNY ConvergEx Group maintains an internal control framework to manage operational risk, along with a set of comprehensive policies and procedures overseen by senior management. Operational Risk Management ("ORM") as a distinct risk discipline incorporates governance and risk management activities comprising (i) the ORM in BNY ConvergEx Group at The Bank of New York Mellon Corporation ("BNYM") who provides administrative and technology support to assist in the assessment, monitoring and calculation of operational risk, (ii) business managers who ensure alignment of internal controls with their business risk profiles, and (iii) the Audit & Risk Committee ("ARC") of the Board of Managers of Holdings which approves and oversees the BNY ConvergEx Group's overall operational risk management strategy. The ARC meets a minimum of 3 times per year to review risk management systems and discuss key risk aspects of the business, including disaster recovery and business continuity planning.

Directors' report

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Principal risks and uncertainties (continued)

BNY ConvergEx Group maintains a comprehensive ORM framework, the core components of which are

- Internal Audit review and oversight
- Executive Committee responsibility for Operational Risk ('OR') with oversight by the Audit & Risk Committee
- Group-wide and business specific risk management policies and procedures
- Monitoring through Key Risk Indicators
- Loss data collation reporting and analysis – internal and external

Future developments

The directors aim to maintain the management policies which have resulted in the Company's success to date. They expect that 2010 will result in increased client count and higher trading volumes as the global economy begins to recover which will result in overall moderate growth in sales from continuing operations. There are no current plans to offer any additional services in the upcoming year.

Directors and their interests

The current directors are shown on page 1. The following directors have held office during the year since 1 January 2009:

David Michael	(Appointed 6 August 2009)
Shannon Ewer	(Resigned 13 July 2009)
Alexander Johnstone	(Resigned 13 July 2009)
Vincent Fitzpatrick	(Resigned 13 July 2009)
John Meserve	(Resigned 28 January 2010)
Gareth Jones	
Craig Lax	
Carey Pack	

Equal opportunities

BNY ConvergEx Group and its subsidiaries ("ConvergEx") are committed to the equality of opportunity. In the recruitment of staff and their subsequent career development, individuals are considered solely on the basis of their aptitude and ability, irrespective of sex, marital status, race, age, sexual orientation, religion or disability.

Employee involvement

ConvergEx encourages staff involvement by a process of communication and consultation. During the year, the policy of providing employees with information has been continued through quarterly all staff conference calls, press releases and the Company newsletter 'ConvergEx~Press'. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report

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Going concern

The financial statements of the Company have been prepared on the basis that the Company is a going concern. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Additionally, the directors have obtained confirmation of the intention of BNY ConvergEx Group, the Company's intermediate parent undertaking, to maintain its financial support to enable the Company to meet its liabilities as they fall due. For this reason, they continue to adopt the going concern basis in the financial statements.

On behalf of the Board



David Michael
Director
26 April 2010

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 proper accounting records that 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of ConvergeX Limited

We have audited the Company's financial statements for the year ended 31 December 2009 which comprise the Group and Company Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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 Directors' Responsibilities Statement set out on page 6, 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

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Company's affairs as at 31 December 2009 and of the Group's 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.


Independent auditors' report

to the members of ConvergeX Limited

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



Peter Wallace (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory auditor
London

Date 27/4/2010

Group and Company Profit and loss account

for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	8,767	9,849
Operating expenses	3	(8,211)	(10,220)
Operating profit/(loss)	4	556	(371)
Interest receivable		10	97
Profit/(Loss) on ordinary activities before taxation		566	(274)
Taxation	5	(96)	–
Retained profit/(loss)		470	(274)

The subsidiary undertaking did not trade following its acquisition by the Company. As a result, the profit and loss account for the Group and Company is the same.

Turnover for the year was derived from continuing operations. There are no recognised gains and losses other than those stated above and no separate statement of total recognised gains and losses has been presented.

The notes on pages 12 to 18 form part of these financial statements.

Group Balance sheet

at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	22	-
Current assets			
Debtors	8	81	24
Cash at bank		5,165	6,634
		<u>5,246</u>	<u>6,658</u>
Creditors amounts falling due within one year	9	2,027	4,182
Net current assets		<u>3,219</u>	<u>2,476</u>
Net assets		<u>3,241</u>	<u>2,476</u>
Capital and reserves			
Called up share capital	10	3,025	2,750
Profit and loss account	11	196	(274)
Merger reserve	12	20	-
		<u>3,241</u>	<u>2,476</u>

The notes on pages 12 to 18 form part of these financial statements

The financial statements were approved by the Board of Directors on 26 April 2010 and were signed on its behalf by



David Michael
Director

Company Balance sheet

at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investment in subsidiary undertaking		1	-
Tangible assets	7	22	-
		<u>23</u>	<u>-</u>
Current assets			
Debtors	8	80	24
Cash at bank		5,165	6,634
		<u>5,245</u>	<u>6,658</u>
Creditors amounts falling due within one year	9	2,027	4,182
Net current assets		<u>3,218</u>	<u>2,476</u>
Net assets		<u>3,241</u>	<u>2,476</u>
Capital and reserves			
Called up share capital	10	3,025	2,750
Profit and loss account	11	196	(274)
Merger reserve	12	20	-
		<u>3,241</u>	<u>2,476</u>

The notes on pages 12 to 18 form part of these financial statements

The financial statements were approved by the Board of Directors on 26 April 2010 and were signed on its behalf by

David Michael
Director



Notes to the financial statements

at 31 December 2009

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group and Company's financial statements

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention. The financial statements are presented in pounds sterling, being the functional currency of the Group and Company.

Accounting convention

The principal activities of the Group and Company are detailed in the Directors' report. The directors believe that the nature of the Company's business is such that certain descriptions in the profit and loss account format prescribed by schedule IV of the Companies Act are not appropriate. As required by the Act, the directors have therefore adapted the prescribed format so that the results of the Company are described in a manner appropriate to the Company's principal activities.

Basis of consolidation

The Group financial statements consolidate the financial statements of ConvergEx Limited and its subsidiary undertaking, Eze Castle Software Limited, drawn up to 31 December 2009.

Investment in subsidiary undertaking

The investment in subsidiary undertaking is stated at cost, less any provision for impairment where necessary.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Brokerage and commission income is recognised on a trade date basis. Marketing income is recognised on an accruals basis using a cost plus methodology. Interest income is recognised on an accruals basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at costs less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33% straight line basis
Furniture, fittings and equipment	14% straight line basis
Leasehold improvements	50% straight line basis
Software	33% straight line basis

Foreign currencies

Transactions denominated in foreign currencies are translated into pounds sterling and recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Differences arising from exchange rate movements are recognised in the profit and loss account.

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Pension scheme arrangements

Certain of the Company's employees are members of a defined contribution occupational pension scheme. The Company is required to make monthly contributions to the plan on behalf of its employees. Contributions made to the defined contribution scheme during the period are recognised in the profit and loss statement in the period incurred by the Company.

Cash flow statement

The ultimate parent company, ConvergEx Holdings, LLC (Holdings"), produces a consolidated cash flow statement. Consequently the Group has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from preparing a cash flow statement.

Operating Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Related party transactions

The Company is a wholly owned subsidiary undertaking of BNY ConvergEx Group. Consequently the Company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose related party transactions with other members of BNY ConvergEx Group.

Taxation

Provision is made for taxation at current rates on the taxable profits or losses.

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. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured at a non-discounted basis at the 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 at the balance sheet date.

2. Turnover and segmental reporting

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities.

The Directors consider that the disclosure of turnover, profit/(loss) on ordinary activities before taxation and net assets by class of business or geographical location would be prejudicial to the interests of the Company, and as such, no segmental reporting is presented.

Notes to the financial statements

at 31 December 2009

3. Staff costs

	2009 £'000	2008 £'000
Staff costs		
Wages and salaries	3,440	4,145
Social security costs	409	509
Deferred compensation	115	317
Pension costs	231	229
	<u>4,195</u>	<u>5,200</u>

Pension costs comprise the Company's contributions in respect of the defined contribution scheme

The average monthly number of employees during the year was made up as follows

	2009	2008
Global Business	12	18
GTM	6	6
LJR	1	2
WRA	1	1
BNY ConvergEx Group	1	2
ECS	3	–
Total	<u>24</u>	<u>29</u>

Directors' emoluments

	2009 £'000	2008 £'000
Emoluments	75	108
Company contributions paid to money purchase pension schemes	<u>4</u>	<u>4</u>
Members of money purchase pension schemes	<u>2</u>	<u>2</u>

Non-executive directors who represent the Company's shareholder (Messrs Pack, Lax, Meserve and Fitzpatrick) are not paid any fees for their duties as directors

4 Operating profit/(loss)

	2009 £'000	2008 £'000
This is stated after charging		
Auditors' remuneration for audit services	30	34
Operating lease rental	<u>173</u>	<u>150</u>

Notes to the financial statements

at 31 December 2009

5 Taxation

Taxation is based on the profit/(loss) for the year and comprises

(a) Tax on profit/(loss) on ordinary activities

	2009 £'000	2008 £'000
Based on the profit/(loss) for the year		
UK corporation tax charged at 28% (2008 28.5%)	(96)	—
Current tax	(96)	—
Deferred tax	(1)	—
Total tax	(97)	—

(b) Reconciliation of the tax charge

Profit/(loss) on ordinary activities before taxation	566	274
Profit/(loss) on ordinary activities at UK tax rate 28%	(158)	77
Expenses not deductible for tax purposes	(8)	(8)
Capital allowance for the period	1	—
Deferred taxation not recognised	—	(69)
Utilisation of brought forward trading losses	69	—
Current tax charge for the year	(96)	—

(c) Deferred tax

Accelerated capital allowances	(1)	—
Total deferred tax	(1)	—

The movement on the deferred tax asset is shown below

Balance at the beginning of the period	—	—
Other timing differences	(1)	—
Balance at the end of the period	(1)	—

6. Pension scheme

During the year ended 31 December 2009, employees of the Group were members of BNY ConvergEx Limited Pension Plan (the "Plan"). This Plan is a defined contribution pension scheme. The Plan's assets were held independently from those of the Company under a separately administered plan. The pension cost represents contributions paid by the Company to the fund on behalf of the employees during 2009 and 2008, and amounted to approximately £230,700 and £228,700, respectively. No contributions were payable to the fund at the year end.

Notes to the financial statements

at 31 December 2009

7 Tangible fixed assets

	£'000
Cost	
At 1 January 2009	–
Additions	27
At 31 December 2009	27
Depreciation	
At 1 January 2009	–
Charge for the year	5
At 31 December 2009	5
Net book value	
At 31 December 2009	22
At 31 December 2008	–

8 Debtors

<i>Group</i>	2009 £'000	2008 £'000
Prepayments	50	4
Amount owed by group undertakings	–	12
Deferred taxes	1	–
Other debtors	30	8
	81	24
<i>Company</i>	2009 £'000	2008 £'000
Prepayments	50	4
Amount owed by group undertakings	–	12
Deferred taxes	1	–
Other debtors	29	8
	80	24

9 Creditors amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	537	1,887
Amounts owed to affiliates	3	539
Accruals	1,412	1,756
Accrued taxes	75	–
	2,027	4,182

Notes to the financial statements

at 31 December 2009

10. Authorised and issued share capital

	Number	Authorised £'000	Allotted, called up and fully paid Number	£'000
Ordinary shares of £1 each				
At 31 December 2008	2,750,000	2,750	2,750,000	2,750
Ordinary shares issued in the year	275,000	275	275,000	275
At 31 December 2009	3,025,000	3,025	3,025,000	3,025

11 Profit and loss account

	2009 £'000	2008 £'000
Deficit at beginning of year	(274)	—
Retained profit/(loss) for the period	470	(274)
Profit at end of year	196	(274)

12. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	2,476	—
Income/(loss) for the financial year	470	(274)
Share capital issued	275	2,750
Merger reserve	20	—
Closing shareholders' funds	3,241	2,476

The merger reserve arose upon the acquisition by the company of the entire ordinary share capital of a fellow group company, Eze Castle Software Limited. The purchase consideration comprised the issue of 275,000 ordinary £1 shares to another group company, ECS. Following the acquisition, Eze Castle Software Limited issued a dividend in specie, comprising net assets of approximately £295,000, to the company.

13. Commitments under operating leases

The Company has entered into operating lease commitments for its office premises. Commitments under these operating leases are as follows:

	2009 £'000	2008 £'000
Within one year	95	82
	95	82

Notes to the financial statements

at 31 December 2009

14. Related party transactions

During 2009 and 2008, the Company entered into transactions in the ordinary course of business with BNYM. Rental expense under operating leases with BNYM amounted to £163,479 and £149,856, respectively. Administrative expenses recharged to the Company by BNYM amounted to £189,229 and £321,210, respectively. The amount owed to BNYM in relation to these charges as of 31 December 2009 and 2008 was £3,633 and £544,018, respectively.

15 Financial risk management policies and objectives

The Company is exposed through its operations to a number of risks, the most significant of which are credit, market and liquidity risk.

Each division under the BNY ConvergEx Group has risk functions in place to manage the risk aspects of the business line, including the activity of that division under the Company. The policy for managing these risks is set by the Board of Directors, and is as follows:

Credit risk

It is the policy of all BNY ConvergEx Group entities to hold funds in highly liquid funds with reputable, multi-national banking institutions to mitigate counterparty risk. This will provide the Company with immediate access to its own funds as needed.

Credit risk is controlled by the Credit & Risk Management department (‘CRM’) by establishing exposure limits based on the financial condition and internal credit rating of new clients.

Concentration risk is mitigated through the Company’s diversified, cross-border client base and no individual customer represented more than 10% of commission revenue at the year end.

Market risk

The Company invests its capital in interest-bearing cash deposits. The cash balance is subject to market risk, which is the potential that future changes in the interest rate environment may reduce interest income.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its liabilities as they fall due. The Company’s capital is invested in liquid assets. In addition, the majority of the Company’s receivables and payables are with BNY ConvergEx Group and other affiliated companies. Liquidity risk is managed by requesting payment in advance from BNY ConvergEx Group for costs incurred on behalf of the affiliated US companies based on an estimate of the forthcoming month’s expenditure. In this way, the Company is able to maintain its credit and liquidity risk exposures against BNY ConvergEx Group and affiliated companies at a reasonable level.

16 Ultimate parent undertaking

The Company is a wholly-owned subsidiary of BNY ConvergEx Group, LLC (‘BNY ConvergEx Group’). ConvergEx Holdings LLC (‘Holdings’) and Eze Castle Software, Inc. (‘Eze Castle’) own all of the membership interests in BNY ConvergEx Group. The Bank of New York Mellon Corporation (‘BNY Mellon’) and GTCR Golder Rauner, LLC, a private equity firm, each hold a 33.2 percent ownership stake in Holdings, with the remaining ownership stake held by Eze Castle’s founding investors and BNY ConvergEx Group’s management team. The smallest group into which the Company is consolidated is BNY ConvergEx Group and the ultimate parent undertaking is Holdings. Both BNY ConvergEx Group and Holdings are incorporated in the United States of America. Copies of their financial statements can be obtained from the following address: 1633 Broadway, New York, NY, 10019, USA.