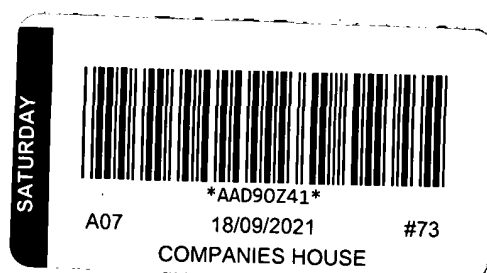


Hudson River Trading Europe Ltd.

Report and Financial Statements

For the year ended 31 December 2020

Registered number: 06796079 (England and Wales)



Hudson River Trading Europe Ltd.

Company information

Directors

J Carroll
I Jack
A Nunes

Company secretary

G Rachinsky

Company number

06796079 (England and Wales)

Registered office

2nd Floor
12 Steward Street
London
United Kingdom
E1 6FQ

Independent auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Hudson River Trading Europe Ltd.

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Hudson River Trading Europe Ltd.

Strategic report

for the year ended 31 December 2020

The directors present their strategic report for Hudson River Trading Europe Ltd. ("HRTE" or "the Company") for the year ended 31 December 2020.

Principal activity

The Company's principal activity is trading securities and derivatives in United Kingdom and European markets for proprietary purposes. The Company is regulated by the Financial Conduct Authority ("FCA").

Business review and future developments

During 2020, the Company took further steps to minimize the impact of the United Kingdom's exit ("Brexit") from the European Union ("EU"). The Company implemented a risk management framework to assess and mitigate the risks, both near term and long term, associated with Brexit. The directors continue to monitor the situation and will take any action deemed necessary in a timely manner.

The COVID-19 Coronavirus ("Covid-19") introduced new challenges and risks to the Company. The directors main priority is the well-being of the staff who have, to date, operated effectively in a remote working environment. As a technology-driven organisation, the Company already had well-established remote working policies and disaster recovery plans which had been robustly tested. These have been implemented as a result of Covid-19 and continue to perform as planned. The directors do not under-estimate the fact that this may need to be sustained for a prolonged period of time and remain vigilant to any improvements that can be made to ease remote working. The Company has not been negatively financially impacted since the onset of the Covid-19 pandemic and do not expect to be negatively financially impacted in the future as a result of the Covid-19 pandemic.

Capital management

The Company is authorised by the FCA and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the Company meets these requirements, calculations and reporting of available financial resources is performed intra-day using the Company's monitoring system. The Company has a compliance oversight function which monitors this reporting. The level of capital is reviewed on a regular basis.

During the year, the Company has complied with its FCA financial resources requirements. During the year, capital was increased by £37,296,841 (2019: decreased by £36,667,383) through a net increase of 37,296,841 (2019: decrease of 36,667,383) ordinary shares. There were no shares withdrawn in 2020 (in 2019, shares were withdrawn at an average of £1.00 per share). At year end, the Company's financial resources totalled £102,388,299 (2019: £66,674,955).

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company relate to financial risk management. A description of the Company's principle risks and uncertainties and the Company's financial risk management policies are set out in note 13 to the financial statements.

As discussed above, the continuous spreading of Covid-19 and the resulting changes in the market environment have introduced challenges and risks to the Company. These are discussed further in note 22 to the financial statements.

Hudson River Trading Europe Ltd.

Strategic report

for the year ended 31 December 2020

Key performance indicators ("KPIs")

The KPIs used by the directors to aid their management of the Company include trading income, cost management and cash flow forecasts. However, given the nature of the business, the directors are of the opinion that inclusion of an analysis using KPIs is not necessary for users of the financial statements to understand the development, performance or position of the business.

Section 172 (1) statement


Section 172 (1) of the Companies Act 2006 (the "Act") states that directors of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

The Company's Board of Directors (the "Board") is satisfied that they have acted in accordance with their duty pursuant to section 172(1) of the Act. By engaging effectively with stakeholders, they believe they have promoted the success of the Company and ensured that the long term impact of decisions are accounted for and that business and stakeholder relationships are maintained.

The Board is composed of three directors and meets on a quarterly basis. The meetings are also attended by other relevant individuals including senior managers. The directors believe that the attendance and active participation of senior management at these meetings facilitates informed decision making and assists the directors to evaluate the long term consequences of such decisions.

The directors recognise the value in building, maintaining relationships with and engaging relevant stakeholders to promote the long term success of the Company.

This report was approved by the board on 26 April 2021 and signed on its behalf by:

DocuSigned by:

C83562247FD344D...
J Carroll
Director

Hudson River Trading Europe Ltd.

Directors' report

for the year ended 31 December 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Company registration

The Company is registered in England as company number 06796079.

Results

The Company's loss before tax from continuing operations for the financial year is £1,546,053 (2019: loss before tax from continuing operations £2,383,739).

Going concern assessment

In reaching the conclusion that the directors are satisfied that the going concern basis of accounts preparation is appropriate, the directors have prepared a detailed forecast which shows an excess of liquid resources to meet the Company's liabilities as they fall due. Additionally, as part of the Company's business planning process, financial projections have been prepared extending to April 2022 which show excess liquidity. The potential additional impact of Covid-19 to the Company's business is considered a significant risk to the Company. In the furthest extreme stress scenario, if an all-electronic trading suspension occurs from the date the audited financial statements are issued, the Company's projections demonstrate the Company's ability to maintain its liquidity and reduce its operating expenses under this severe stress scenario until the pandemic resides and the markets are reopened. These are discussed in detail in note 22 to the financial statements.

The directors note that the Company had current assets of £174.8 million at 31 December 2020. This includes £174.8 million of liquid resources, of which £43.5 million is cash and bank balances. Current liquid resources of £174.8 million available to the Company are significantly greater than projected fixed costs through April 2022. Further, £31.1 million of amounts receivable included in the cash and bank balances is at clearing brokers and would serve as a first call on the Company's capital in the event of any trading losses incurred by the Company. The Company trades in liquid financial markets and has numerous pre-trade and post trade controls in place to limit the losses arising from any particular set of trades or a particular trading strategy. Having taken this into account, the directors are satisfied that the going concern basis of accounts preparation is appropriate and the entity is expected to continue as a going concern for a period to 26 April 2022 being 12 months from when the financial statements are authorised for issuance.

Energy and Carbon Report

The Company is committed to complying with environmental laws.

This report sets out the Company's energy use data which the Company is required to provide in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

These regulations require companies to disclose in their Annual reports (for accounting periods beginning on or after 1 April 2019) a summary of associated energy and carbon emissions. Set out below are the emissions of the Company:

UK kWh and CO₂e

Scope 1 Emissions (Direct)

Direct Emissions include activities owned or controlled by the Company that release emissions into the atmosphere. This includes emissions from combustion in owned or controlled boilers and air-conditioning units in data centres.

Hudson River Trading Europe Ltd.**Directors' report**

for the year ended 31 December 2020

Scope 2 Emissions (Indirect)

Indirect emissions released into the atmosphere associated with consumption of purchased electricity, heat, steam and cooling. Indirect emissions are a consequence of the Company's activities but occur at sources not controlled or owned by the Company.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in tonnes CO₂e/ Full Time Employees.

Energy consumption used to calculate emissions (kWh)	838,605
Energy consumption break down (kWh)	
• Grid electricity	748,177
• Natural gas	85,357
• Solar PV	5,071
Scope 1 emissions in metric tonnes CO₂e	
Natural gas	16
Scope 2 emissions in metric tonnes CO₂e	
Purchased electricity	174
Total Scope 1 & 2 gross emissions in metric tonnes CO₂e	190
Intensity ratio tonnes CO₂e per FTE employees	6

Methodology

The chosen methodology has been used to ensure compliance with the Streamlined Energy & Carbon Reporting requirements. The government issued "Greenhouse gas reporting: conversion factors 2020" conversion figures for CO₂e were used along with the fuel property figures to determine the kWh.

Measures taken to improve energy efficiency

The Company continues to strive for energy and carbon reduction arising from its activities and has pursued measures to improve its energy efficiency.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

J Carroll

A Nunes

I Jack

Hudson River Trading Europe Ltd.

Directors' report

for the year ended 31 December 2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic and Directors' Reports and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Company's financial statements, state whether IAS in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that complies with those applicable law and regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, if any.

Pillar 3 Disclosures

The disclosures to comply with Pillar 3 of the FCA Capital Requirements Directive are publicly available at our registered office at 2nd Floor, Steward Building, 12 Steward Street, London, E1 6FQ.

Strategic report

The Company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the Company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of discussion of future developments.

Statement of disclosure of information to auditors

Each of the directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

Hudson River Trading Europe Ltd.

Directors' report

for the year ended 31 December 2020

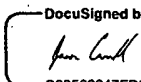
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Signed on behalf of the board:

DocuSigned by:

C83562247FD344D...
J Carroll
Director

Independent auditors' report to the members of Hudson River Trading Europe Ltd.

for the year ended 31 December 2020

Opinion

We have audited the financial statements of Hudson River Trading Europe Limited (the "Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 26 April 2022 being 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Hudson River Trading Europe Ltd.

for the year ended 31 December 2020

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the international accounting standards adopted in conformity with the requirements of the Companies Act 2006, relevant tax compliance regulations, and the rules and regulations of the Financial Conduct Authority ('FCA').
- We understood how the Company is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations and to understand how the Company maintain and communicate their policies. We corroborated our understanding through our review of board meeting minutes and correspondence received from regulatory bodies.

Independent auditors' report to the members of Hudson River Trading Europe Ltd.
for the year ended 31 December 2020

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the Company's assessment of the business' susceptibility to fraud and by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of senior management and those responsible for legal and compliance matters as well as a review of board minutes and exercising professional scepticism in assessing the results of audit procedures and audit evidence.
- As the Company is regulated, we obtained an understanding of the Company's regulatory permissions, its business activities and understood the regulatory control environment in which it operates. In assessing the control environment, we considered the compliance to these regulations as part of our audit procedures, which included a review of correspondence with the regulators and enquiries of the directors and senior management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Jason Seymour-Cousens (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 April 2021

Hudson River Trading Europe Ltd.**Statement of comprehensive income**

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Continuing operations			
Income			
Trading income, net		53,053,415	56,623,162
Finance income		234,534	384,036
Other operating income, net	5	3,224,239	4,223,087
Total income		56,512,188	61,230,285
Expenses			
Brokerage, exchange, clearance, and other transaction-related expenses		15,339,188	25,421,287
Administrative expenses		42,719,053	38,192,737
Total expenses		58,058,241	63,614,024
Loss before tax from continuing operations		(1,546,053)	(2,383,739)
Income tax (expense)/benefit	8	(48,237)	804,475
Loss for the financial year from continuing operations		(1,594,290)	(1,579,264)
Discontinued operations			
Profit for the financial year, net of income tax from discontinued operations	21	-	47,875
Loss for the financial year		(1,594,290)	(1,531,389)
Other comprehensive income			
Exchange differences on translation of foreign operations		10,793	3,734
Total comprehensive loss for the year, net of income tax		(1,583,497)	(1,527,655)

The notes on pages 14 to 36 form an integral part of the financial statements.

Hudson River Trading Europe Ltd.**Statement of financial position**

for the year ended 31 December 2020

	Notes	2020 £	2019 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	474,178	763,765
Other non-current assets	11	1,055,318	821,207
Deferred tax assets	8	-	34,012
Total non-current assets		1,529,496	1,618,984
Current assets			
Current tax receivable		16,184	30,732
Trade and other receivables	12	1,181,413	845,344
Note receivable	10	23,421,509	-
Financial assets at fair value through profit or loss	13	106,619,585	64,574,389
Cash and bank balances	14	43,529,393	46,326,273
Total current assets		174,768,084	111,776,738
Assets held for discontinued operations		352,246	373,571
Total assets		176,649,826	113,769,293
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	15	90,665,557	53,368,716
Share premium	15	2,246,125	2,246,125
Translation reserve		15,032	4,239
Retained earnings		9,461,585	11,055,875
Total capital and reserves		102,388,299	66,674,955
Non-current liabilities			
Deferred tax liabilities	8	239,741	237,446
Other financial liabilities	16	4,488,858	1,656,433
Total non-current liabilities		4,728,599	1,893,879
Current liabilities			
Trade and other payables	17	12,045,538	5,964,529
Financial liabilities at fair value through profit or loss	13	57,469,912	39,176,067
Total current liabilities		69,515,450	45,140,596
Liabilities directly associated with discontinued operations		17,478	59,863
Total liabilities		74,261,527	47,094,338
Total equity and liabilities		176,649,826	113,769,293

Approved and authorised by the Board of Directors at a meeting on 26 April 2021 and signed on its behalf by:

DocuSigned by:



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J Carroll

Director

The notes on pages 14 to 36 form an integral part of the financial statements.

Hudson River Trading Europe Ltd.**Statement of changes in equity**
for the year ended 31 December 2020

	Notes	Share capital £	Share premium £	Translation reserve £	Retained earnings £	Total £
Balance at 31 December 2018		90,036,099	2,246,125	41,648	12,587,264	104,911,136
Loss for the financial year from continuing operations		-	-	-	(1,579,264)	(1,579,264)
Profit for the financial year from discontinued operations	21	-	-	-	47,875	47,875
Translation differences		-	-	(37,409)	-	(37,409)
Issue of share capital	15	58,938,017	-	-	-	58,938,017
Withdrawal of share capital	15	(95,605,400)	-	-	-	(95,605,400)
Balance at 31 December 2019		53,368,716	2,246,125	4,239	11,055,875	66,674,955
Loss for the financial year from continuing operations		-	-	-	(1,594,290)	(1,594,290)
Profit for the financial year from discontinued operations	21	-	-	-	-	-
Translation differences		-	-	10,793	-	10,793
Issue of share capital	15	37,296,841	-	-	-	37,296,841
Withdrawal of share capital	15	-	-	-	-	-
Balance at 31 December 2020		90,665,557	2,246,125	15,032	9,461,585	102,388,299

During the 2019 year, there was a £33,022 net gain on Translation differences related to discontinued operations. This has been recognised in Loss for the financial year from continuing operations in 2019.

The notes on pages 14 to 36 form an integral part of the financial statements.

Hudson River Trading Europe Ltd.**Statement of cash flows**

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Operating activities			
Loss before taxation from continuing operations		(1,546,053)	(2,383,739)
Profit before taxation from discontinued operations	21	-	127,990
Loss before tax		(1,546,053)	(2,255,749)
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		310,489	648,252
Depreciation expense on the right-of-use asset	19	382,305	304,517
Loss on disposals of property, plant and equipment		1,616	296,147
Finance income		(234,534)	(384,330)
Interest expense		36,346	60,874
Changes in operating assets and liabilities:			
Other non-current assets		(156,337)	(943,137)
Trade and other receivables		(336,069)	1,014,755
Financial assets at fair value through profit or loss		(42,045,196)	14,746,212
Other financial liabilities		2,691,348	504,806
Trade and other payables		6,264,851	(10,476,176)
Financial liabilities at fair value through profit or loss		18,293,844	14,053,536
		(16,337,389)	17,569,707
Finance income received		234,534	384,330
Interest expense paid		(36,346)	(60,874)
Income taxes received/(paid)		53,528	(741,101)
Net cash (used in)/from operating activities		(16,085,673)	17,152,062
Investing activities			
Purchases of property, plant and equipment		(34,295)	(959,184)
Proceeds from sale of property, plant and equipment		20,310	2,250,338
Payment for issuance of note receivable		(33,837,800)	
Return of proceeds from note receivable		10,416,291	
Net cash (used in)/from investing activities		(23,435,493)	1,291,154
Financing activities			
Proceeds from issue of share capital		37,296,841	58,938,017
Payments for withdrawal of share capital		-	(95,605,400)
Payment of principal portion of lease liability		(545,228)	(364,287)
Net cash from/(used in) financing activities		36,751,613	(37,031,670)
Net decrease in cash and bank balances		(2,769,553)	(18,588,454)
Cash and bank balances at 1 January		46,326,273	64,944,648
Net foreign exchange difference		(27,327)	(29,921)
Cash and bank balances at 31 December	14	43,529,393	46,326,273

The notes on pages 14 to 36 form an integral part of the financial statements.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

1 Corporate information

Hudson River Trading Europe Ltd. is a private limited company incorporated in the United Kingdom. Its parent is Hudson River Trading LLC, and ultimate holding company is HRT Capital LLC. The address of its registered office and principal place of business are disclosed in the directors' report as part of the introduction to the annual report. The principal activities of the Company are described in the strategic report.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with IAS and in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

The financial statements have been prepared using the going concern basis of accounting. In the opinion of the directors, the Company has sufficient liquidity and capital resources to perform its core principal activities, continue in operational existence and meet its liabilities as they fall due for the foreseeable future.

In reaching this conclusion the directors have prepared a detailed forecast which shows an excess of liquid resources to meet the Company's liabilities as they fall due. Additionally, as part of the Company's business planning process, financial projections have been prepared extending to April 2022 which show excess liquidity. The potential additional impact of Covid-19 to the Company's business is considered a significant risk to the Company. In the furthest extreme stress scenario, if an all-electronic trading suspension occurs from the date the audited financial statements are issued, the Company's projections demonstrate the Company's ability to maintain its liquidity and reduce its operating expenses under this severe stress scenario until the pandemic resides and the markets are reopened.

The directors note that the Company had current assets of £174.8 million at 31 December 2020. This includes £43.5 million of cash and bank balances. Current liquid resources of £174.8 million available to the Company are significantly greater than projected fixed costs through April 2022. Further, £31.1 million of amounts receivable included in the cash at bank balance is at clearing brokers and would serve as a first call on the Company's capital in the event of any trading losses incurred by the Company. The Company trades in liquid financial markets and has numerous pre-trade and post trade controls in place to limit the losses arising from any particular set of trades or a particular trading strategy. Having taken this into account, the directors are satisfied that the going concern basis of accounts preparation is appropriate and the entity is expected to continue as a going concern for a period to 26 April 2022 being 12 months from when the financial statements are authorised for issuance.

Certain reclassifications have been made to the prior periods' Consolidated and Combined Financial Statements in order to conform to the current period presentation. Such reclassifications are immaterial, individually and in the aggregate, to both current and previously issued financial statements taken as a whole and have no effect on previously reported Net Income. The principal accounting policies are set out below.

3 Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company; please refer to note 3.18 for further details.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.1 Cash and bank balances**

Cash and bank balances include cash on hand, deposits held at call with banks and clearing brokers and other short-term investments in an active market with original maturities of three months or less. Bank overdrafts are shown in Current liabilities in the Statement of financial position.

3.2 Fair value measurements

The Company measures financial assets and liabilities at fair value through profit and loss and non-financial assets at fair value at each reporting date. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of International Accounting Standard ("IAS") 17, *Leases* and IFRS 16, *Leases* and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Financial assets and financial liabilities

Financial assets and financial liabilities are classified at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying the classification, a financial asset or financial liability is considered to be held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)

3.3 Financial assets and financial liabilities (continued)

3.3.1 Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

i. Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

ii. Financial assets measured at fair value through profit and loss ("FVTPL")

A financial asset is measured at FVTPL if:

- its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- at initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category instruments held for trading including equity instruments which are principally acquired for the purpose of generating a profit from short term fluctuations in price. This category also includes derivative contracts in an asset position.

3.3.2 Financial liabilities

i. Financial liabilities measured at amortised cost

The Company includes all financial liabilities, other than those measured at FVTPL, including short term payables in this category.

ii. Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading as set out in IFRS 9, *Financial Instruments*. The Company includes equity instruments sold short and derivative contracts in a liability position in this category.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)

3.3 Financial assets and financial liabilities (continued)

3.3.3 Recognition

The Company recognises a financial asset or liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, the date that the Company commits to purchase or sell the asset.

3.3.4 Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the Statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. Financial assets and liabilities other than those classified as at FVTPL are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

3.3.5 Subsequent measurement

After initial measurement, the Company measures financial instruments classified as at FVTPL at fair value. Subsequent changes in the fair value of those financial instruments and dividends earned or paid on these instruments are recorded in Trading income, net in the Statement of comprehensive income. Refer to note 13 for further information regarding gains and losses on financial instruments classified at FVTPL.

Financial liabilities other than those classified as at FVTPL are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are integral part of the effective interest rate, transaction costs, and other premiums or discounts.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.3 Financial assets and financial liabilities (continued)****3.3.6 Derecognition**

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party, under a pass-through arrangement and the Company has:

- transferred substantially all of the risks and rewards of the asset; or
- neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled, or expired.

3.3.7 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all financial assets held at amortised cost. ECLs are based on the difference between the contractual cash flows that are due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a twelve-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the exposure (a lifetime ECL).

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.3 Financial assets and financial liabilities (continued)****3.3.8 Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Cash held as collateral includes deposits with clearing firms or exchanges.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the effect of discounting is immaterial.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3.3.9 Note receivable

Note receivable represents a revolving interest-bearing note receivable from the Company's parent which has a contractual maturity of five years and is payable on demand.

3.3.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of financial position, when and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The Company has not applied any netting.

3.4 Revenue recognition

Trading income, net represents the profit and loss derived from trading activities. Transactions in financial instruments are recorded at trade date. Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and, if applicable, from the reversal of the prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

3.5 Finance income

Finance income represents interest earned from cash held at banks and prime brokerage accounts and is recorded on the accrual basis.

3.6 Other operating income, net

Other operating income, net represents exchange differences arising from the settlement of monetary items or on translating monetary items at rates different to those at which they are translated on initial recognition during the period or previous periods, fee income derived from trade facilitation and operational support services to the Company's affiliates and income from the Company's portfolio of investment securities.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.7 Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The Company has determined that the carrying amount of Trade and other payables and Current tax liabilities, based on their notional amount, reasonably approximate their fair values because they are short term in nature.

3.8 Brokerage, exchange, clearance, and other transaction-related expenses

Brokerage, exchange, clearance, and other transaction-related expenses include commissions, fees charged by third-party clearing brokers, transactional fees charged by exchanges, regulatory fees and other transactional based costs incurred in the normal course of business. Such expenses are recorded on a trade-date basis.

Rebates based on volume discounts, credits or payments received from exchanges or other marketplaces based on the Company's market-making and dealing activities are netted against Brokerage, exchange, clearance, and other transaction-related expenses.

3.9 Administrative expenses

Administrative expenses are recognized on an accrual basis. These primarily consist of expenses related to a service agreement with the Company's parent and other operating expenses.

3.10 Taxation

Income tax expense or benefit represents the sum of the tax currently payable or receivable and deferred tax.

3.10.1 Current tax

The tax currently payable or receivable is based on taxable profit or loss for the year. Taxable profit differs from Profit or loss before tax from continuing operations as reported in the Statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.10.2 Deferred tax (continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.11 Tangible non-current assets**3.11.1 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

- | | |
|----------------------------------|------------------------------|
| • Leasehold improvements | over the period of the lease |
| • Furniture | 7 years |
| • Equipment | |
| - Office and warehouse equipment | 3 years |
| - Hardware and monitors | 4 years |
| - Network equipment | 5 to 7 years |

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11.2 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.11.2 Impairment of tangible assets (continued)**

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3.12 Foreign currency exchange

Transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation). Exchange differences of this nature are recognised initially in translation reserves and reclassified from equity to profit or loss on repayment of the monetary items.

3.13 Foreign branches

The assets and liabilities of the foreign branch of the Company are translated into British Pound Sterling using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the rates applicable at the end of each month in which the transaction occurred. Exchange differences, if any, are recognised in other comprehensive income and accumulated in translation reserves. Once the disposal or discontinuation of a foreign operation occurs, exchange differences accumulated in translation reserves in respect of that operation are reclassified to profit or loss, and are reflected in Continuing operations on the Statement of comprehensive income.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)**3.14 Provisions (continued)**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Pension costs and other post-retirement benefits

The Company makes payments into a group personal pension plan, operating as a defined contribution pension scheme. Obligations for contributions to defined contribution pension plans are recognized on an accrual basis.

3.16 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset and obtain substantially all of the economic benefits from the asset for a period of time in exchange for consideration. The Company, as a lessee, applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company applies the short term lease recognition exemption to its short term leases (defined as those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option reasonably certain to exercise). It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

3 Significant accounting policies (continued)

3.17 Share capital

Ordinary shares are classified as equity.

3.18 Discontinued operations

A disposal group qualifies as discontinued operations if it is a component that has been disposed of and:

- represents a separate major line of business or geographical area of operations;
- or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as Profit or loss for the financial year, net of income tax from discontinued operations in the Statement of comprehensive income.

Additional disclosures are provided in note 21. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3.19 Adoption of new and revised standards

There are no IFRS or IFRS Interpretations Committee interpretations that are not yet effective that are expected to have a material impact on the Company.

3.20 Uncertainty over Income Tax Treatments

IFRIC 23 "Uncertainty over Income Tax Treatments" was issued in June 2017 and became effective for periods beginning on or after 1 January 2019. It clarifies the accounting for uncertainties in income taxes which is applied to the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments in accordance with IAS 12. It clarifies that the Company has to consider whether it is probable that the relevant taxing authority will accept each tax treatment, or group of tax treatments that the Company used or plans to use in its income tax filing. It also clarifies that the Company should consider whether tax treatments should be considered independently or collectively and whether the relevant tax authority will or will not accept each tax treatment. Further, it requires the Company to reassess its judgements and estimates if facts and circumstances change. See note 8 for further information.

4 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (refer to note 4.1.1 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

4 Critical judgements in applying accounting policies (continued)**4.1 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1.1 Fair value measurements and valuation processes

When the fair value of financial assets and financial liabilities recorded in the Statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 13 for further discussion.

5 Other operating income, net

	2020	2019
	£	£
Gains/(losses) on securities, net	3,079,344	5,808,273
Foreign exchange gains/(losses), net	(709,976)	(2,352,079)
Dividends	555,953	575,361
Other income	298,918	191,532
	<u>3,224,239</u>	<u>4,223,087</u>

Included in Foreign exchange gains or losses, net in 2019 was the net foreign exchange gain on the Company's discontinued operations through translation reserves that was recognized from equity to profit and loss. Foreign exchange gains, net in 2019 on the Company's discontinued operations are through translation reserves of £33,022 and are included in Continuing operations in the Statement of comprehensive income.

6 Profit before tax

(Loss)/profit before tax is stated after charging:

	Notes	2020	2019
		£	£
Included in Administrative expenses:			
Auditor's remuneration			
- Audit services		78,356	88,560
- Audit-related assurance services		10,000	10,000
Auditor's remuneration – non-audit services			
- Taxation compliance services		8,110	5,623
- Taxation advisory services		12,000	12,000
Depreciation	9	310,489	559,169
Loss on disposal of plant and equipment		1,616	289,062

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

7 Employee benefits expense

	2020	2019
	£	£
Included in administrative expenses:		
Wages and salaries	18,064,520	8,239,292
Social security costs	2,420,820	1,119,674
Pension costs	54,087	72,579

The above staff costs pertain to an average of 33 employees during the year (2019: 32). The directors' aggregate remuneration in respect of qualifying services performed while appointed as director (salary and benefits) was £583,752 (2019: £553,097), in addition £10,000 (2019: £10,000) was borne by affiliates. Directors' aggregate remuneration in respect of qualifying services while appointed as director include £583,752 (2019: £553,097) paid in respect of the highest paid director.

8 Income taxes**(a) Taxation**

	2020	2019
	£	£
Current income tax:		
United Kingdom corporation tax based on the results for the year as adjusted for taxation purposes at 19% (2019 - 19%)	-	-
Foreign tax	9,126	51,064
Adjustments in respect of previous periods	-	(331,194)
Total current income tax charge/(benefit)	9,126	(280,130)
Deferred tax:		
Origination and reversal of temporary differences	67,297	(442,258)
Adjustments in respect of previous periods	(28,186)	-
Translation differences	-	(1,972)
Total deferred tax expense/(benefit)	39,111	(444,230)
Total tax expense/(benefit) for the year	48,237	(724,360)

Amounts are inclusive of discounted operations.

Factors affecting the tax charge for the year

The relevant deferred tax balances are re-measured at the corporation tax rate effective at the time the Company anticipates the deferred tax balances will unwind.

On 11 March 2020, it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19%, effective from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated impact of the new 25% rate on the deferred tax asset is immaterial.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

8 Income taxes (continued)**(b) Reconciliation of total tax charge**

The total tax charge for the year is lower (2019: lower) than the corporation tax effective rate of 19% (2019: 19%).
The differences are set out below.

	2020 £	2019 £
(Loss)/profit before tax from continuing operations	(1,546,053)	(2,383,739)
Profit before tax from discontinued operations	-	127,990
(Loss)/profit before tax	<u>(1,546,053)</u>	<u>(2,255,749)</u>
Corporation tax at 19% (2019 – 19%)	(293,750)	(428,592)
Effects of:		
Adjustments in respect of previous periods	(28,186)	(331,194)
Income not taxable for tax purposes	(105,631)	(38,465)
Effect of higher taxes on overseas earnings	9,126	51,064
Expenses not deductible for tax purposes	-	24,799
Translation differences	-	(1,972)
Deferred tax not recognised	461,070	-
Other Adjustment	5,608	-
Total tax expense/(benefit) for the year	<u>48,237</u>	<u>(724,360)</u>

	2020 £	2019 £
Income tax expense/(benefit) from continuing operations reported in the Statement of comprehensive income	48,237	(804,475)
Income tax attributable to discontinued operations	-	80,115
	<u>48,237</u>	<u>(724,360)</u>

Taxation charge for the year is inclusive of discontinued operations.

(c) Deferred tax provision

	2020 £	2019 £
Capital allowances in excess of depreciation	466,725	262,062
Other temporary differences	2,398,595	2,076,896
Deferred tax previously unrecognised	<u>(3,105,061)</u>	<u>(2,542,392)</u>
	<u>(239,741)</u>	<u>(203,434)</u>

Deferred tax asset

	2020 £	2019 £
At 1 January	34,012	70,871
Adjustments in respect of previous periods	28,186	-
(Charge)/benefit to profit and loss account – temporary differences	<u>(62,198)</u>	<u>(36,859)</u>
At 31 December	<u>(0)</u>	<u>34,012</u>

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

8 Income taxes (continued)

(c) Deferred tax provision (continued)

Deferred tax liability

	2020 £	2019 £
At 1 January	(237,446)	(716,563)
Charge to profit and loss account – temporary differences	(2,295)	479,117
At 31 December	(239,741)	(237,446)

Amounts are inclusive of discounted operations.

(d) Open Enquiry

The Company currently has open enquiries into the tax returns of the Company for the tax years ending on and subsequent to December 31, 2016. The Company is responding to the tax inspector on the enquiries and as of December 31, 2020, does not believe that there should be any provision or other adjustment in the financial statements.

9 Property, plant and equipment

	Leasehold Improvements £	Furniture £	Equipment £	Total £
Cost				
Balance at 1 January 2019	662,691	197,743	3,707,900	4,568,334
Additions	303,900	31,179	528,005	863,084
Disposals	(252,981)	(23,505)	(3,587,484)	(3,863,970)
Exchange differences	-	-	(5,256)	(5,256)
Balance at 31 December 2019	713,610	205,417	643,165	1,562,192
Additions	-	-	34,776	34,776
Disposals	-	(2,766)	(35,015)	(37,781)
Exchange differences	(1)	-	12,556	12,555
Balance at 31 December 2020	713,609	202,651	655,482	1,571,742
Accumulated depreciation				
Balance at 1 January 2019	219,018	45,692	1,697,050	1,961,760
Charge for the year	143,361	27,697	388,111	559,169
Disposals	-	-	(1,719,094)	(1,719,094)
Exchange differences	-	-	(3,408)	(3,408)
Balance at 31 December 2019	362,379	73,389	362,659	798,427
Charge for the year	149,302	28,519	132,668	310,489
Disposals	-	(2,766)	(14,622)	(17,388)
Exchange differences	-	-	6,036	6,036
Balance at 31 December 2020	511,681	99,142	486,741	1,097,564
Net book value				
At 31 December 2019	351,231	132,028	280,506	763,765
At 31 December 2020	201,928	103,509	168,741	474,178

Amounts are not inclusive of discounted operations.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

10 Note receivable

	2020	2019
	£	£
Note receivable from parent	23,421,509	-
The revolving interest-bearing note receivable from parent has a contractual maturity of five years, a variable interest rate, and is payable on demand. Any ECL on the Note receivable is immaterial.		

11 Other non-current assets

	Notes	2020	2019
		£	£
Security deposit – long term		481,771	179,546
Right-of-use asset	19	573,547	641,661
		<u>1,055,318</u>	<u>821,207</u>

12 Trade and other receivables

	2020	2019
	£	£
Trade receivables	304,720	13,909
Collateral held at an exchange	0	152
Amounts owed by group undertakings	164,561	201,741
Amounts owed by parent undertaking	0	17,384
Other receivables	384,922	380,901
Prepayments	327,210	231,257
	<u>1,181,413</u>	<u>845,344</u>

13 Financial risk management

The Company has exposure to the following risks from its holding of financial instruments: market risk, credit risk and liquidity risk. This note presents information about the Company's exposure to each of these risks, its policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company continues to monitor the impact of the COVID-19 Coronavirus on the below risks and currently does not foresee any negative financial implications as it relates to the business.

Market risk

Market risk is the potential for changes in the value of financial assets and liabilities due to market changes, including interest and currency rate movements as well as fluctuations in the prices of financial assets and liabilities. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. The Company manages market risk in various ways including diversifying exposures, placing limitations on position sizes and hedging in related securities or derivative financial instruments.

Interest rate risk is the risk of loss due to the fluctuations of interest rates.

Foreign exchange risk is the risk of loss due to the fluctuation of exchange rates. The valuation of the portfolio is subject to foreign exchange risk arising from non-British Pound Sterling financial assets.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

13 Financial risk management (continued)**Market risk (continued)**

In respect of non-trading assets and liabilities denominated in foreign currencies, the Company periodically reviews its net exposure to ensure it is kept to an acceptable level. The Company executes foreign currency spot trades on an as needed basis.

Credit risk

Credit risk is the risk of financial loss due to the failure of a counterparty to perform according to the terms of a contract. The credit risk associated with exchange-traded financial assets and liabilities, such as common stocks or futures, is mitigated by the cash held at the Company's clearing firms. The Company currently clears these exchange traded positions through highly rated clearing brokers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to non-group credit risk at 31 December 2020 was, as follows:

	Note	2020 £	2019 £
Trade and other receivables	12	1,181,413	845,344
Financial assets at fair value through profit or loss		45,409,594	31,052,852
Cash and bank balances	14	43,529,393	46,326,273
		<u>90,120,400</u>	<u>78,224,469</u>

The Company has no financial assets which are past due or impaired. Cash at commercial banks is held at banks with investment grade credit ratings, as rated by Standard & Poor's.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Substantially all of the Company's financial liabilities are payable on demand or in accordance with normal trade settlement cycles; therefore no separate disclosure of contractual maturities is made within these financial statements.

For financial liabilities that are not payable on demand or in accordance with normal trade settlement cycles, the table below summarises the maturity profile of these liabilities, based on contractual undiscounted payments:

	2020 £	2020 £	2020 £	2020 £
	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	609,903	61,612	-	671,515

Currency risk

The Company's normal business activities often occur in various currencies outside the Company's functional currency, which creates exposure to fluctuations in foreign currency rates.

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

13 Financial risk management (continued)**Concentration risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company believes the concentration of risk is limited as its principal activities are spread over different geographic regions and counterparties.

The Company is significantly diversified in relation to instruments, venues and markets in which it trades. The Company faces regulatory concentration risk, whereby the introduction of adverse regulatory requirements may have an impact on its activities. The Company utilises a number of General Clearing Members ("GCMs") to clear and settle its capital market activities, however, the number of GCMs is restricted by the limited number of GCM service providers operating in the UK and European Economic Area. In order to manage concentration risk, the Company maintains a contingent GCM relationship which may be activated to mitigate its risks. The Company regularly assesses its GCM relationships.

Fair value of financial instruments

The Company has adopted the amendment to IFRS 7, *Financial Instruments: Disclosure* for financial instruments that are recorded in the Statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	2020 Level 1	2020 Level 2	2020 Level 3	2020 Total
Assets	£	£	£	£
Equities	106,619,585	-	-	106,619,585
Total financial assets at fair value through profit or loss	106,619,585	-	-	106,619,585

	2020 Level 1	2020 Level 2	2020 Level 3	2020 Total
Liabilities	£	£	£	£
Equities	57,469,912	-	-	57,469,912
Total financial liabilities at fair value through profit or loss	57,469,912	-	-	57,469,912

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

13 Financial risk management (continued)**Fair value of financial instruments (continued)**

	2019 Level 1 £	2019 Level 2 £	2019 Level 3 £	2019 Total £
Assets				
Equities	64,574,389	-	-	64,574,389
Total financial assets at fair value through profit or loss	64,574,389	-	-	64,574,389
	2019 Level 1 £	2019 Level 2 £	2019 Level 3 £	2019 Total £
Liabilities				
Equities	39,176,067	-	-	39,176,067
Total financial liabilities at fair value through profit or loss	39,176,067	-	-	39,176,067

The Company's equities and listed futures positions are traded in active markets and are recorded at either the official closing price by the listing exchange, or at the last traded price, when the official closing price is unavailable. They are recorded as Financial assets or liabilities at fair value through profit or loss in the Statement of financial position.

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1 and are classified as Financial assets or Financial liabilities at fair value through profit and loss. The Company did not hold any Level 2 or Level 3 financial assets or financial liabilities during 2020 or 2019.

14 Cash and bank balances

	2020 £	2019 £
Cash and bank balances	43,529,393	46,326,273

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

15 Issued capital

	2020	2019
	£	£
Authorised shares		
Ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>

	Shares	Shares
Ordinary shares issued and fully paid		
At 1 January 2020	53,368,716	90,036,099
Increase due to issuance of ordinary shares	37,296,841	58,938,017
Decrease due to withdrawal of ordinary shares	-	(95,605,400)
At 31 December 2020	<u>90,665,557</u>	<u>53,368,716</u>

	2020	2019
	£	£
Share premium		
At 1 January	2,246,125	2,246,125
Increase	-	-
At 31 December	<u>2,246,125</u>	<u>2,246,125</u>

16 Other financial liabilities

	2020	2019
	£	£
Accruals	4,431,970	1,328,477
Operating lease liability	<u>56,888</u>	<u>327,956</u>
	<u>4,488,858</u>	<u>1,656,433</u>

17 Trade and other payables

	2020	2019
	£	£
Trade payables	510,872	804,662
Amounts owed to parent undertaking	613,369	-
Amounts owed to group undertakings	-	10,898
VAT payable	220,324	51,523
Operating lease liability	598,063	412,146
Accruals and deferred income	<u>10,102,910</u>	<u>4,685,300</u>
	<u>12,045,538</u>	<u>5,964,529</u>

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

18 Capital management

The Company is authorised by the FCA and as such must continuously maintain adequate financial resources, as defined by the FCA. In order to ensure that the Company meets these requirements, calculations and reporting of available financial resources is performed intra-day using the firm's monitoring system. The Company has a compliance oversight function which monitors this reporting.

During the year, the Company has complied with its FCA financial resources requirements. At the year end, the Company's financial resources totalled £102,725,353 (2019: £66,674,955).

19 Leases

The Company has contracts for leased office properties used in its operations. These leases have original terms of between two to five years.

Set out below are the carrying amounts of the right-of-use asset, recognised in Other non-current assets in the Statement of financial position, and the movement during the period:

	£
Balance at 1 January 2019	946,178
Depreciation expense on the right-of-use asset	(304,517)
Balance at 31 December 2019	641,661
Right-of-use asset recognised	310,344
Depreciation expense on the right-of-use asset	(382,305)
Prior Period Adjustments	3,847
Balance at 31 December 2020	573,547

Set out below are the carrying amounts of the lease liability, included in Other financial liabilities and Trade and other payables on the Statement of financial position, and the movements during the period:

	£
Balance at 1 January 2019	1,104,389
Interest expense on the lease liability	58,278
Payments	(422,565)
Balance at 31 December 2019	740,102
Lease liability recognised	456,230
Interest expense on the lease liability	36,346
Payments	(581,574)
Prior Period Adjustments	3,847
Balance at 31 December 2020	654,951

The maturity analysis of lease liabilities is disclosed in note 13.

The following amounts are recognised in the Statement of comprehensive income:

Depreciation expense on the right-of-use asset	382,305	304,517
Interest expense on the lease liability	36,346	58,278
Expense relating to short term leases	-	72,589
Variable lease expenses	457,207	212,890
	875,858	648,274

The total cash outflow for leased office property was £581,574 during 2020.

Hudson River Trading Europe Ltd.**Notes to the financial statements**

for the year ended 31 December 2020

20 Related party transactions

The Company incurred expenses related to two agreements with its parent of £15,327,994 for the financial year ended 31 December 2020 (2019: £27,851,771). The Company paid £14,760,090 to its parent under these agreements during the 2020 financial year (2019: £31,145,378). As of 31 December 2020, £567,904 (2019: £0) was due to its parent relating to these agreements.

The remuneration of directors and other members of key management personnel during the year was, as follows:

	2020	2019
	£	£
Total remuneration and benefits	<u>583,752</u>	<u>553,097</u>

21 Discontinued operations

During 2019, the Company discontinued four of its foreign branches. The results of the discontinued branches for the year are below:

	2020	2019
	£	£
Trading income, net	-	19,529,673
Other operating loss	-	(822)
Brokerage, exchange, clearance, and other transaction-	-	(8,337,307)
Administrative expenses	<u>-</u>	<u>(11,063,554)</u>
Profit before tax from discontinuing operations	-	127,990
Income tax expense	-	(80,115)
Profit for the financial year, net of income tax	<u>-</u>	<u>47,875</u>

The net cash flows incurred by the Company's foreign branches classified as discontinued operations are as follows:

	2020	2019
	£	£
Operating	21,060	25,408
Investing	-	326,060
Net cash inflow	<u>21,060</u>	<u>351,468</u>

Hudson River Trading Europe Ltd.

Notes to the financial statements

for the year ended 31 December 2020

22 Events after the reporting period

During 2021, the Company issued 32,761,721 ordinary shares to Hudson River Trading LLC and issued 668,607 ordinary shares to NRDC LLC at a price per share of £1.00.

On 11 March 2020, the World Health Organization designated the spread of coronavirus (COVID- 19) as a pandemic. As of the date of the financial statements, COVID-19 has had a significant impact on global and U.K. financial markets, and the Company continues to monitor its effects on the overall economy and its operations. In response to the COVID-19 pandemic, the Company has enhanced its policies, procedures and operations to protect the integrity and continuity of its business and the health and safety of employees. Management believes that the Company is well positioned to successfully manage its business risks despite any uncertain economic outlook due to Covid-19.

The Company has continued to follow its risk management approach as set out in note 13 above, in particular for risks that have been brought into focus by the Covid-19 pandemic such as adverse market moves, counterparty failure or disruption to the operation of global markets including market closure. The Company has accordingly increased its management and monitoring of those risks.

Counterparty credit risk, monitored in particular through credit ratings and credit default swap spreads, has been maintained within the Company's risk standards as has diversification of cash balances across high quality institutions and currencies. Therefore, the Company is effectively managing and limiting any potential impact that could result from adverse currency moves or a counterparty failure.

Market risk, in particular, securities price risk, has been closely monitored and maintained within risk standards and within capital capacity under both Pillar 1 and Pillar 2. Further details regarding the directors' going concern assessment are provided in note 2.