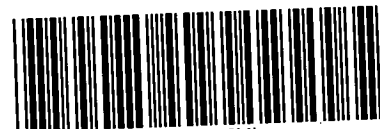


Company Registration No. 08619610 (England and Wales)

**FORTRADE LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 JULY 2014**

THURSDAY



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19/03/2015  
COMPANIES HOUSE

# **FORTRADE LIMITED**

## **COMPANY INFORMATION**

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**Director** Simon Roberts (Appointed 22 July 2013)

**Company number** 08619610

**Registered office** 43-45 Dorset Street  
London  
W1U 7NA

**Auditors** Fisher, Sassoon & Marks  
43 - 45 Dorset Street  
London  
W1U 7NA

**Business address** 60 Gresham Street  
London  
EC2V 7BB

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# **FORTRADE LIMITED**

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# **FORTRADE LIMITED**

## **STRATEGIC REPORT**

**FOR THE PERIOD ENDED 31 JULY 2014**

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The director presents the strategic report and financial statements for the period ended 31 July 2014.

### **Review of the business**

The company was incorporated on 22nd July 2013.

On 17th April 2014, the company was authorised by the Financial Conduct Authority to undertake investment services.

The results for the period and the financial position at the period end were considered satisfactory by the director who expects continued growth in the foreseeable future.

The company continues to look for opportunities overseas and therefore, the director expects that the company will grow its business both in its core market and new markets and this will lead to an improvement in the company's financial results and key performance indicators.

### **Principal risks and uncertainties**

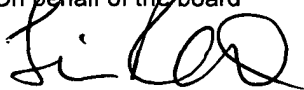
As a service provider the director considers that the key financial risk exposures faced by the company relate to credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company does not take trade positions which expose it to material price risk and nor does it have a material exposure to foreign exchange movements.

The principal non-financial risks faced by the company relate to information technology failure. This is mitigated by having appropriate back-up systems and procedures and a disaster recovery programme.

At the period end the Company had net assets in the sum of £1,289,262 which included £38,916 of cash balances. Accordingly the Company has a strong balance sheet and is well placed to achieve its long term strategy.

Financial key performance indicators are turnover £2,062,786 and gross profit of £13,907.

On behalf of the board



.....  
Simon Roberts

Director

03/12/2014

# **FORTRADE LIMITED**

## **DIRECTOR'S REPORT**

### ***FOR THE PERIOD ENDED 31 JULY 2014***

---

The director presents his report and financial statements for the period ended 31 July 2014.

#### **Principal activities**

The principal activity of the company was that of the provision of investment services and acting as principal to its clients in foreign exchange and derivatives including index Contracts For Difference ("CFD").

#### **Results and dividends**

The results for the period are set out on page 7.

#### **Post balance sheet events**

On 25 September 2014 the company issued 614,250 Ordinary Shares of £1 each for cash consideration to provide additional working capital.

#### **Director**

The following director has held office since 22 July 2013:

Simon Roberts

(Appointed 22 July 2013)

#### **Introduction of the euro**

The company has assessed the extent of the preparation that it needed to make for the introduction of the euro. It has identified that its systems do not need to be amended to deal with the introduction of the euro.

#### **Risk management objectives and policies**

The director determines the company's business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. He also determines how those risks may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The board meets on a regular basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The director manages the company's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required. The company follows the standardised approach to market risk and the simplified standard approach to credit risk.

The company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with counterparties and stringent market risk control over transactions with them, and regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the company maintains adequate working capital.

# **FORTRADE LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 JULY 2014***

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### **Financial instruments**

#### Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

#### Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

#### Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Auditors**

Fisher, Sassoon & Marks were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of director's responsibilities**

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

# **FORTRADE LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

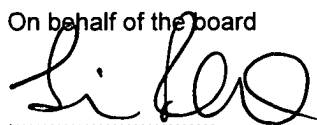
***FOR THE PERIOD ENDED 31 JULY 2014***

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### **Statement of disclosure to auditors**

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Simon Roberts

Director

03/12/2014

# **FORTRADE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTRADE LIMITED**

---

We have audited the financial statements of Fortrade Limited for the period ended 31 July 2014 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 director and auditors**

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its loss for the period 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 Strategic Report and Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.



# **FORTRADE LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF FORTRADE LIMITED**

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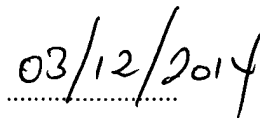
### **Matters on which we are required to report by exception**

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.

  
**Jonathan Marks (Senior Statutory Auditor)**  
**for and on behalf of Fisher, Sassoon & Marks**

**Chartered Accountants**  
**Statutory Auditors**

  
.....

43 - 45 Dorset Street  
London  
W1U 7NA

# **FORTRADE LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD ENDED 31 JULY 2014**

---

	<b>Notes</b>	<b>Period ended 31 July 2014 £</b>
<b>Turnover</b>	<b>2</b>	2,062,786
Cost of sales		(2,048,879)
<b>Gross profit</b>		13,907
Administrative expenses		(277,541)
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	(263,634)
Tax on loss on ordinary activities	<b>4</b>	52,896
<b>Loss for the period</b>	<b>10</b>	(210,738)

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

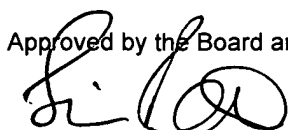
# FORTRADE LIMITED

## BALANCE SHEET

AS AT 31 JULY 2014

	Notes	2014 £	£
<b>Fixed assets</b>			
Tangible assets	5		6,860
<b>Current assets</b>			
Debtors	6	11,387,183	
Cash at bank and in hand		38,916	
		11,426,099	
<b>Creditors: amounts falling due within one year</b>	7	(10,143,697)	
<b>Net current assets</b>			1,282,402
<b>Total assets less current liabilities</b>			1,289,262
			1,289,262
<b>Capital and reserves</b>			
Called up share capital	9		1,500,000
Profit and loss account	10		(210,738)
<b>Shareholders' funds</b>	11		1,289,262

Approved by the Board and authorised for issue on 3/12/2014



Simon Roberts  
Director

Company Registration No. 08619610

# **FORTRADE LIMITED**

## **CASH FLOW STATEMENT**

**FOR THE PERIOD ENDED 31 JULY 2014**

---

		<b>Period ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
<b>Net cash outflow from operating activities</b>		<b>(1,453,603)</b>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	<b>(7,484)</b>	
	<hr/>	
<b>Net cash outflow for capital expenditure</b>		<b>(7,484)</b>
		<hr/>
<b>Net cash outflow before management of liquid resources and financing</b>		<b>(1,461,087)</b>
<b>Financing</b>		
Issue of ordinary share capital	<b>1,500,000</b>	
<b>Net cash inflow/(outflow) from financing</b>		<b>1,500,000</b>
		<hr/>
<b>Increase in cash in the period</b>		<b>38,913</b>
		<hr/>

# FORTRADE LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2014

<b>1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities</b>	<b>2014</b>
	£
Operating (loss)/profit	(263,634)
Depreciation of tangible assets	624
Increase in debtors	(11,334,287)
Increase in creditors within one year	10,143,694
<b>Net cash outflow from operating activities</b>	<b>(1,453,603)</b>

<b>2 Analysis of net funds/(debt)</b>	<b>22 July 2013</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>
		£	£
Net cash:			
Cash at bank and in hand	-	38,916	-
Bank overdrafts	-	(3)	-
	-	38,913	-
Bank deposits	-	-	-
<b>Net (debt)/funds</b>	<b>-</b>	<b>38,913</b>	<b>-</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2014</b>
	£
Increase in cash in the period	38,913
<b>Movement in net funds in the period</b>	<b>38,913</b>
Opening net debt	-
<b>Closing net funds</b>	<b>38,913</b>

# **FORTRADE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE PERIOD ENDED 31 JULY 2014**

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover represents amounts receivable for undertaking brokerage services in Contracts For Difference.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost 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:

Fixtures, fittings & equipment	33.33% Straight line basis
--------------------------------	----------------------------

#### **1.5 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### **2 Turnover**

The total turnover of the company for the period has been derived from its principal activity wholly undertaken outside the EC.

### **3 Operating loss**

**2014**

**£**

Operating loss is stated after charging:

Depreciation of tangible assets

624

Loss on foreign exchange transactions

14,380

Fees payable to the company's auditor for the audit of the company's annual accounts

6,000

# **FORTRADE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 JULY 2014**

---

<b>4</b>	<b>Taxation</b>	<b>2014</b>
		<b>£</b>
	<b>Total current tax</b>	-
	<b>Deferred tax</b>	
	Origination and reversal of timing differences	(52,896)
		<u><u></u></u>
	<b>Factors affecting the tax charge for the period</b>	
	Loss on ordinary activities before taxation	(263,634)
		<u><u></u></u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00%	(52,727)
		<u><u></u></u>
	Effects of:	
	Non deductible expenses	1,203
	Depreciation add back	125
	Capital allowances	(1,497)
	Other tax adjustments	52,896
		<u><u></u></u>
		52,727
		<u><u></u></u>
	<b>Current tax charge for the period</b>	-
		<u><u></u></u>

The company has estimated losses of £ 264,478 available for carry forward against future trading profits.

# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2014

### 5 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 22 July 2013	-
Additions	7,484
At 31 July 2014	7,484
<b>Depreciation</b>	
At 22 July 2013	-
Charge for the period	624
At 31 July 2014	624
<b>Net book value</b>	
At 31 July 2014	6,860

### 6 Debtors

	2014 £
Trade debtors	9,629,909
Amounts held by financial institutions on behalf of customers	1,671,777
Other debtors	9,949
Prepayments and accrued income	22,652
Deferred tax asset (see note 8)	52,896
	11,387,183



# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2014

---

<b>7</b>	<b>Creditors: amounts falling due within one year</b>	<b>2014</b>
		<b>£</b>
	Bank loans and overdrafts	3
	Trade creditors	7,981,782
	Amounts owed to customers	2,008,414
	Taxes and social security costs	9,687
	Other creditors	50,390
	Accruals and deferred income	93,421
		<u>10,143,697</u>

Under the Financial Services and Markets Act 2000 and the client money protection rules, the company is required to segregate all balances due to qualifying customers.

Therefore, included within creditors are customer balances of £1,660,553 and there is an equivalent asset balance held in segregated client bank accounts.

### 8 Provisions for liabilities

The deferred tax asset (included in debtors, note 6) is made up as follows:

	<b>2014</b>
	<b>£</b>
Profit and loss account	<u>(52,896)</u>
	<b>2014</b>
	<b>£</b>
Tax losses available	<u>(52,896)</u>

<b>9</b>	<b>Share capital</b>	<b>2014</b>
		<b>£</b>
	<b>Allotted, called up and fully paid</b>	
	1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>

During the period 1,500,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.

# **FORTRADE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 JULY 2014**

---

### **10 Statement of movements on profit and loss account**

**Profit  
and loss  
account  
£**

Loss for the period (210,738)

### **11 Reconciliation of movements in shareholders' funds**

**2014  
£**

Loss for the financial period (210,738)

Proceeds from issue of shares 1,500,000

Net addition to shareholders' funds 1,289,262

Opening shareholders' funds -

Closing shareholders' funds 1,289,262

### **12 Director's remuneration**

**2014  
£**

Remuneration for qualifying services 34,615

# **FORTRADE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 JULY 2014**

---

### **13 Employees**

#### **Number of employees**

The average monthly number of employees (including directors) during the period was:

	<b>2014 Number</b>
Admin	2
Director	1
	<hr/>
	3
	<hr/>

#### **Employment costs**

	<b>2014 £</b>
Wages and salaries	57,748
Social security costs	7,312
	<hr/>
	65,060
	<hr/>

### **14 Control**

The ultimate controlling party is Ron Zuckerman by virtue of his 100% shareholding in the company.

### **15 Post balance sheet events**

On 25 September 2014 the company issued 614,250 Ordinary shares of £1 each for cash consideration to provide additional working capital.

### **16 Related party relationships and transactions**

As at the period end, the company owed its shareholder R Zuckerman £50,390.

# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE FOR THE PERIOD ENDED 31 JULY 2014**

---

### **Capital requirements directive Pillar 3 disclosure**

#### **Verification**

This information has not been audited by the Company's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Fortrade Limited.

#### **Introduction**

##### *Regulatory Context*

The Pillar 3 disclosure of Fortrade Limited ("the Firm") is set out below as required by the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU) specifically BIPRU 11.3.3 R (for ICAAP) and BIPRU 11.5.18 R (for remuneration). This follows the introduction of the Capital Requirements Directive ("CRD") which represents the European Union's application of the Basel Capital Accord. The regulatory aim of the disclosures is to improve transparency and thereby to protect consumers.

##### *Frequency*

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 July.

##### *Media and Location*

The disclosure is published only in our Accounts and will be available from the Registered office on request.

##### *Materiality*

The Firm regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

##### *Risk Management*

The Firm is mindful of the FCA's comments regarding confidentiality and of the comment that both qualitative and quantitative data must be disclosed.

As such, the Firm's policy is to disclose that information required under the FCA Rules but to treat further information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm will regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

##### *Summary*

The CRD requirements have three pillars. Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by a firm and the Supervisory Review and Evaluation Process through which the firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and; Pillar 3 which deals with public disclosure of risk management policies, capital resources, capital requirements and remuneration policy. The regulatory aim of the disclosure is to improve market discipline and transparency.

The Firm is a limited license firm and primarily acts in an execution only capacity in that no specific advice is given to client. It acts solely as agent on behalf of clients and does not undertake proprietary trading.

The Firm's key risks have been identified and grouped as either market, credit, business or operational risks. The Firm has assessed these risks in its ICAAP and has set out appropriate actions to manage them.

##### *Market Risk*

As a Market Principal Broker Firm, we do not have a trading book. Our potential exposures are non-trading book exposures to foreign currency assets or liabilities held on our balance sheet.

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# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)**

### **FOR THE PERIOD ENDED 31 JULY 2014**

---

Foreign currency position risk required BIPRU7.5 Position £21,680 @ 8%. Risk weighted exposure amount £1,700. Whilst the firms fees may sometimes be in foreign currencies these are converted to sterling upon receipt thus ensuring we are not exposed to any material currency risk on the balance sheet of the Company.

#### *Credit Risk*

The Firm's exposure to credit risk is the risk that fees cannot be collected and the exposure to banks where cash held is deposited.

The Firm holds all cash with Banks assigned high credit ratings. Consequently risk of past due or impaired exposures is minimal.

#### *Business risk*

By its nature an advisory firm has a higher business risk than some other types of business. However within this context the Firm again has a conservative business risk appetite.

Currently the Firm has a simple business strategy and the main business risk is the loss of client business.

#### *Operational Risk*

This incorporates the advisory processes undertaken as well as the regulatory and contingency planning done at the Firm level. Our operational risk appetite is conservative and, as a result, we invest to mitigate such risks.

Our staffing levels also provide a level of contingency cover in all critical business areas.

The Firm has documented contingency planning and disaster recovery procedures and these are regularly reviewed and tested. We also aim to keep all aspects of our operations as simple as possible.

### **Background to the Firm**

#### *Background*

The Firm is incorporated in the UK and is authorised and regulated by the FCA. The Firm's activities give it the BIPRU categorisation of a "Limited Licence" and a "BIPRU €125K" firm.

As a Limited Licence Firm we are considered a Proportionality tier three firm for the purposes of the FCA's Remuneration Code.

The Firm is not a member of a UK Consolidation Group and as such this document covers the Firm on a solo basis.

#### **BIPRU 3**

For its Pillar 1 regulatory capital calculation of Credit Risk, under the credit risk capital component the Firm has adopted the Standardised approach (BIPRU 3.4).

Credit Risk Capital Requirement £1,157,000.

---

# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)**

### **FOR THE PERIOD ENDED 31 JULY 2014**

---

#### **BIPRU 4**

The Firm does not adopt the Internal Ratings Based approach and hence this is not applicable.

#### **BIPRU 6**

The Firm, being a Limited Licence Firm is not subject to the Pillar 1 Operational Risk Requirement and, therefore, this is not applicable.

#### **BIPRU 7**

The Firm has Non-Trading Book potential exposure only (BIPRU 7.4, 7.5).

#### **BIPRU 11.5.1**

Disclosure: Risk Management Objectives and Policies

##### **Risk Management Objective**

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its conservative risk appetite.

##### **Governance Framework**

Mr S Roberts and Mr R Nathan make up the Managing Board of Fortrade Limited. The Board meets formally on a quarterly basis.

##### **Risk Framework**

The Managing Board is responsible for risk management and reviews the effectiveness of the Firm's system of internal controls to manage and mitigate the risks identified.

#### **Overall Pillar 2 Rule**

The Firm has adopted the "Structured" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP is reviewed by the Managing Board of the Firm annually, or when a material change to the business occurs.

#### **BIPRU 11.5.4**

Disclosure: Compliance with BIPRU 3, BIPRU 4, BIPRU 6, BIPRU 7, BIPRU 10 and the Overall Pillar 2 Rule.

#### **BIPRU 11.5.8**

Disclosure: Credit Risk and Dilution Risk

The Firm is primarily exposed to Credit Risk from the risk of non-collection of fees and the exposure to banks where cash held is deposited.

The Firm holds all cash with an A rated UK bank.

See above (BIPRU 3) for calculation of credit risk as at 31 July 2014.

#### **BIPRU 11.5.9**

This disclosure is not required as the Firm does not make Value Adjustments and Provisions for impaired exposures that need to be disclosed under BIPRU 11.5.8R (9).

#### **BIPRU 11.5.10**

Disclosure: Firms calculating Risk Weighted Exposure Amounts in accordance with the Standardised Approach.

This disclosure is not required as the Firm uses the Simplified method of calculating Risk Weights (BIPRU 3.5).

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# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)** **FOR THE PERIOD ENDED 31 JULY 2014**

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### ***BIPRU 11.5.11***

Disclosure: Firms calculating Risk Weighted Exposure amounts using the IRB Approach

This disclosure is not required as the Firm has not adopted the Internal Ratings Based approach to Credit and therefore is not affected by BIPRU 11.5.4R (3).

### ***BIPRU 11.5.13***

Disclosure: Use of VaR model for calculation of Market Risk Capital Requirement

This disclosure is not required as the Firm does not use a VaR model for calculation of Market Risk Capital Requirement.

### ***BIPRU 11.5.14***

Disclosure: Operational Risk

The Firm's Fixed Overhead Requirement (FOR) is disclosed as a proxy for the Pillar 1 Operational Risk Capital calculation. The Firm's Pillar 1 Capital Resources Requirement is the higher of FOR/the sum of Market Risk and Credit Risk Requirement.

Fixed Overhead Requirement

GENPRU 2.1.53

£222,000.

### ***BIPRU 11.5.15***

Disclosure: Non-Trading Book Exposures in Equities

This disclosure is not required as the Firm does not have a Non-Trading Book Exposure to Equities.

### ***BIPRU 11.5.16***

Disclosure: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

### ***BIPRU 11.5.17***

Disclosure: Securitisation

This disclosure is not required as the Firm does not Securitise its assets.

### ***BIPRU 11.5.18***

Disclosure: Remuneration

The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

The Firm has decided to treat all Directors as Code Staff.

The Managing Board will consider the need to add any new joiners to the list of Remuneration Code Staff during the year.

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# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)** **FOR THE PERIOD ENDED 31 JULY 2014**

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### **Application**

Based on the Firm's profile we have defined ourselves as a Proportionality Tier Three investment firm ("Tier Three Firm") and adopted a proportioned approach to our remuneration policy. We have considered our individual needs on an ongoing basis and where appropriate disapplied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Board will review any provisions which have been disapplied on at least an annual basis, to ensure that it continues to be appropriate.

### **Information concerning the decision-making process**

Due to the size of the Company, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise, the Company will consider amending this arrangement to provide greater independent review.

The Director is a member of the Managing Board.

The Managing Board of Fortrade Limited is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Director who is a member of the Managing Board.

### **Information on the link between pay and performance**

A key objective in utilising the Company's structure was to align the interests of the director with the overall goal of achieving the best performance over the long-term for the Company.

### **Aggregate Value of Directors salaries for period to 31 July 2014**

Based on the profile of the Company we consider we have one business area, market principal broker and the Director, as Code Staff, has responsibilities that typically fall within job titles FCA guidance indicated would suggest are senior personnel whose role impacts the risk profile of the Company.

As such, to comply with the FCA disclosure requirement BIRPU 11.5.18 R (6) and (7), we disclose, as per the audited accounts of the Firm, the total Directors salary which, for the period to 31 July 2014 was £34,615.

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