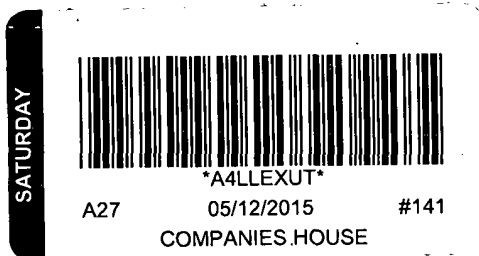


Company Registration No. 08619610 (England and Wales)

**FORTRADE LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 JULY 2015**



# **FORTRADE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	N Collison	(Appointed 26 June 2015)
	C Humby	(Appointed 15 January 2015)

<b>Company number</b>	08619610
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<b>Registered office</b>	43-45 Dorset Street London W1U 7NA
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<b>Auditors</b>	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA
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<b>Business address</b>	Michelin House 81 Fulham Road London SW3 6RD
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# **FORTRADE LIMITED**

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Cash flow statement	8
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# **FORTRADE LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JULY 2015**

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The directors present the strategic report and financial statements for the year ended 31 July 2015.

### **Review of the business**

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The company continues to look for opportunities overseas and therefore, the directors expect 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**

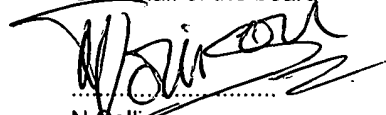
As a service provider the director considers that the key financial risk exposures faced by the company relate to credit risk and the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company does not take trade positions which expose it to 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 year end the Company had net assets in the sum of £1,690,725 (2014: £1,289,262) which included £57,102 (2014: £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 £5,542,812 (2014: £2,062,786) and gross profit of £1,659,472 (2014: £13,907).

On behalf of the board



.....  
N Collison  
Director  
..... 7/12/2015

# **FORTRADE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2015**

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The directors present their report and financial statements for the year ended 31 July 2015.

#### **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 year are set out on page 6.

#### **Directors**

The following directors have held office since 1 August 2014:

S Roberts	(Resigned 29 June 2015)
N Collison	(Appointed 26 June 2015)
C Humby	(Appointed 15 January 2015)

#### **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 directors determine 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. They also determine 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 directors manage 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.

#### **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.

Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

# FORTRADE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2015**

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### 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 directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

### Statement of disclosure to auditors

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

On behalf of the board

  
.....  
N Collison

Director

1/12/2015  
.....

# **FORTRADE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF FORTRADE LIMITED**

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We have audited the financial statements of Fortrade Limited for the year ended 31 July 2015 set out on pages 6 to 15. 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 directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year 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**

---

### **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**

*1/12/2015*  
.....

**Chartered Accountants  
Statutory Auditors**

43 - 45 Dorset Street  
London  
W1U 7NA



# **FORTRADE LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 JULY 2015**

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		<b>2015</b>	<b>2014</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	5,542,812	2,062,786
Cost of sales		(3,883,340)	(2,048,879)
<b>Gross profit</b>		<u>1,659,472</u>	<u>13,907</u>
Administrative expenses		(1,819,858)	(277,541)
<b>Operating loss</b>	<b>3</b>	<u>(160,386)</u>	<u>(263,634)</u>
Other interest receivable and similar income	<b>4</b>	495	-
<b>Loss on ordinary activities before taxation</b>		<u>(159,891)</u>	<u>(263,634)</u>
Tax on loss on ordinary activities	<b>5</b>	(52,896)	52,896
<b>Loss for the year</b>	<b>11</b>	<u><u>(212,787)</u></u>	<u><u>(210,738)</u></u>

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 2015

	Notes	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	6		6,831		6,860
<b>Current assets</b>					
Debtors	8	8,692,656		9,715,407	
Cash at bank and in hand		57,102		38,916	
		<u>8,749,758</u>		<u>9,754,323</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(7,065,864)</u>		<u>(8,471,921)</u>	
<b>Net current assets</b>			1,683,894		1,282,402
<b>Total assets less current liabilities</b>			<u>1,690,725</u>		<u>1,289,262</u>
			<u>1,690,725</u>		<u>1,289,262</u>
<b>Capital and reserves</b>					
Called up share capital	10	2,114,250		1,500,000	
Profit and loss account	11	(423,525)		(210,738)	
<b>Shareholders' funds</b>	12	<u>1,690,725</u>		<u>1,289,262</u>	

Approved by the Board and authorised for issue on 1/12/2015

N Collison  
Director

Company Registration No. 08619610

# **FORTRADE LIMITED**

## **CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 JULY 2015**

	£	2015 £	£	2014 £
<b>Net cash outflow from operating activities</b>		(593,295)		(1,453,603)
<b>Returns on investments and servicing of finance</b>				
Interest received	495		-	
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>		495		-
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(3,261)		(7,484)	
<b>Net cash outflow for capital expenditure</b>		(3,261)		(7,484)
<b>Net cash outflow before management of liquid resources and financing</b>		(596,061)		(1,461,087)
<b>Financing</b>				
Issue of ordinary share capital	614,250		1,500,000	
<b>Net cash inflow from financing</b>		614,250		1,500,000
<b>Increase in cash in the year</b>		18,189		38,913

# FORTRADE LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2015

<b>1 Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating loss	(160,386)	(263,634)
Depreciation of tangible assets	3,290	624
Decrease/(increase) in debtors	969,855	(9,662,511)
(Decrease)/Increase in creditors within one year	(1,406,054)	8,471,918
<b>Net cash outflow from operating activities</b>	<b>(593,295)</b>	<b>(1,453,603)</b>

<b>2 Analysis of net funds</b>	<b>1 August 2014</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 July 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	38,916	18,186	-	57,102
Bank overdrafts	(3)	3	-	-
	<u>38,913</u>	<u>18,189</u>	<u>-</u>	<u>57,102</u>
Bank deposits	-	-	-	-
<b>Net funds</b>	<u><b>38,913</b></u>	<u><b>18,189</b></u>	<u><b>-</b></u>	<u><b>57,102</b></u>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	18,189	38,913
<b>Movement in net funds in the year</b>	<b>18,189</b>	<b>38,913</b>
Opening net funds	38,913	-
<b>Closing net funds</b>	<u><b>57,102</b></u>	<u><b>38,913</b></u>

# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

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### 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.

#### 1.7 Client monies

The company holds money on behalf of clients in accordance with client money rules of its regulators, where required. Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet because the Company is not beneficially entitled to them. At 31 July 2015, amounts held by the company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £1,443,655 (2014: £2,008,414).

### 2 Turnover

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

### 3 Operating loss

	2015	2014
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	3,290	624
Loss on foreign exchange transactions	684,919	14,380
Fees payable to the company's auditor for the audit of the company's annual accounts	10,500	6,000

# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2015

<b>4</b>	<b>Investment income</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	Bank interest	495	-
		<u>495</u>	<u>-</u>
<b>5</b>	<b>Taxation</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	<b>Total current tax</b>	-	-
	Origination and reversal of timing differences	52,896	(52,896)
		<u>52,896</u>	<u>(52,896)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(159,891)	(263,634)
		<u>(159,891)</u>	<u>(263,634)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	(31,978)	(52,727)
		<u>(31,978)</u>	<u>(52,727)</u>
	Effects of:		
	Non deductible expenses	866	1,203
	Depreciation add back	658	125
	Capital allowances	(652)	(1,497)
	Other tax adjustments	31,106	52,896
		<u>31,978</u>	<u>52,727</u>
	<b>Current tax charge for the year</b>	-	-
		<u>-</u>	<u>-</u>

The company has estimated losses of £ 420,010 (2014 - £ 264,478) available for carry forward against future trading profits.

# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2015

### 6 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 August 2014	7,484
Additions	3,261
	<hr/>
At 31 July 2015	10,745
	<hr/>
<b>Depreciation</b>	
At 1 August 2014	624
Charge for the year	3,290
	<hr/>
At 31 July 2015	3,914
	<hr/>
<b>Net book value</b>	
At 31 July 2015	6,831
	<hr/> <hr/>
At 31 July 2014	6,860
	<hr/> <hr/>

### 7 Fixed asset investments

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Fort Securities Limited	ISR	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
	<b>Principal activity</b>		
Fort Securities Limited	Back office support services	-	42,636
		<hr/>	<hr/>

During the year the company acquired Fort Securities Limited, as a wholly owned subsidiary.

# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2015

8 Debtors	2015 £	2014 £
Trade debtors	8,626,735	9,629,910
Other debtors	10,877	9,949
Prepayments and accrued income	55,044	22,652
Deferred tax asset (see note )	-	52,896
	<u>8,692,656</u>	<u>9,715,407</u>

9 Creditors: amounts falling due within one year	2015 £	2014 £
Bank loans and overdrafts	-	3
Trade creditors	7,026,494	8,318,420
Amounts owed to subsidiary undertakings	1,964	-
Taxes and social security costs	17,830	9,687
Other creditors	-	50,390
Accruals and deferred income	19,576	93,421
	<u>7,065,864</u>	<u>8,471,921</u>

10 Share capital	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
2,114,250 Ordinary shares of £1 each	<u>2,114,250</u>	<u>1,500,000</u>

During the year 614,250 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital.

11 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 August 2014	(210,738)
Loss for the year	(212,787)
Balance at 31 July 2015	<u>(423,525)</u>



# FORTRADE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2015

12 Reconciliation of movements in Shareholders' funds	2015 £	2014 £
Loss for the financial year	(212,787)	(210,738)
Proceeds from issue of shares	614,250	1,500,000
Net addition to shareholders' funds	401,463	1,289,262
Opening Shareholders' funds	1,289,262	-
Closing Shareholders' funds	1,690,725	1,289,262

13 Directors' remuneration	2015 £	2014 £
Remuneration for qualifying services	178,137	34,615

### 14 Employees

#### Number of employees

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

	2015 Number	2014 Number
Admin	1	2
Directors	2	1
	3	3

#### Employment costs

	2015 £	2014 £
Wages and salaries	258,746	57,748
Social security costs	19,587	7,312
	278,333	65,060

### 15 Control

The ultimate controlling party is Alba Capital SA by virtue of its 100% shareholding in the company.

# **FORTRADE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2015***

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

As at the year end, the company owed its shareholder £Nil (2014: £50,390).

During the year, the company was charged £394,980 by its wholly owned subsidiary Fort Securities Limited, for the provision of back office and support services. As at the year end, the company owed its subsidiary £1,964.

During the year consultancy fees of £44,012 were paid to Steel Cross Consultancy Limited of which Mr Simon Roberts was a director.

# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE**

**FOR THE YEAR ENDED 31 JULY 2015**

---

### **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 Financial Conduct Authority (FCA) rules and guidance within the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for Investment Firms (IFPRU). 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.

---

# **FORTRADE LIMITED**

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

### **FOR THE YEAR ENDED 31 JULY 2015**

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Foreign currency position risk required. Position £7,493 @ 8%. Risk weighted exposure amount £600. 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 and Counterparty Credit risk*

The Firm's exposure to credit risk is the risk that fees cannot be collected, the exposure to banks where cash held is deposited and amounts held with financial institutions from broking activities.

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 IFPRU categorisation of a "Limited Licence" and an "IFPRU €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.

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

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# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)** **FOR THE YEAR ENDED 31 JULY 2015**

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

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

The Firm has Non-Trading Book potential exposure only.

### **Disclosure: Risk Management Objectives and Policies**

#### **Risk Management Objective**

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

#### **Governance Framework**

Mr N Collison, the CEO and Mr C Humby, the non-executive director meet 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.

### **Disclosure: Credit Risk and Counterparty Risk**

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

The Firm holds all cash with an A rated UK bank. The firm's business model utilises client settlement accounts held under trust with counterparties reducing the risk of CCR in the event of a counterparty defaulting

Credit and Counterparty Risk Capital Requirement £1,057,014.

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# **FORTRADE LIMITED**

## **CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED)** **FOR THE YEAR ENDED 31 JULY 2015**

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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.

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.

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

£269,330

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.

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.

Disclosure: Securitisation

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

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 YEAR ENDED 31 JULY 2015**

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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 Directors are members 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 Directors who are members 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 directors 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 2015**

Based on the profile of the Company we consider we have one business area, market principal broker and the Directors, as Code Staff, have 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, we disclose, as per the audited accounts of the Firm, the total Directors salary which, for the year to 31 July 2015 was £178,137.

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