

Registered number 9415174

XTX Markets Limited

Annual report and financial statements

For the year ended 31 December 2018

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Directors and officers

Directors

A Gerko
Z Amrolia
N Beattie

Company secretary

M Freville

Independent auditor

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

Registered office

R7
14-18 Handyside Street
London
N1C 4DN

Company number

Registered in England and Wales: No. 9415174

Strategic report

For the year ended 31 December 2018

The directors present their strategic report for XTX Markets Limited ("the Company") for the year ended 31 December 2018.

Review of the Company's business

Background

The Company is an independent proprietary electronic trading company, incorporated under the laws of the United Kingdom dealing in Equity, FX, Fixed Income and Commodity markets. The Company is a wholly owned subsidiary of XTX Holdings Limited (incorporated in Cayman Islands and UK tax resident) and is regulated by the Financial Conduct Authority ("the FCA") as a full scope IFPRU investment firm.

For the year ended 31 December 2018, the principal activity of the Company was to trade on its own account.

Financial position and performance

The financial position of the Company at 31 December 2018 is shown in the statement of financial position on page 11, with trading results shown in the statement of comprehensive income on page 10 and the statement of cash flows on page 13.

The Company has produced profits of £116,555,000 (2017: £60,977,000) from net trading revenue of £305,238,000 (2017: £154,573,000). Administrative expenses were £148,713,000 (2017: £80,368,000). The net profit after tax margin for the year is 38% (2017: 39%).

Shareholder's equity was £203,095,000 (2017: £207,178,000) and has decreased by 2% due to £120,638,000 of retained profits being used to pay dividends to the immediate parent company solely in order to fund other entities in the XTX group for operational purposes, and provide funding for the full repayment of a debt arrangement held by XTX Midco Limited.

As required by the Capital Requirement Directive IV ("CRD IV") the Company is required to disclose its return on assets. For the year ended 31 December 2018, the return on assets was 44% (2017: 24%)

The current key performance indicators of the Company are net trading revenue and profit before tax. Revenues have grown 98%, being driven by both the successful implementation of planned expansion into new products and regions and favourable market conditions. The Company was able to capitalise on a backdrop market environment of elevated volumes and volatility, with the VIX predominately higher than 14 throughout the year. After normalising for these benign conditions, the directors consider that the Company's underlying performance and its continued growth has met expectations.

The Company's costs have grown in line with the planned expansion of the business during the year and the directors consider these costs to be appropriate given the levels of business activity during the year, with costs predominantly driven by technology infrastructure costs, market data and variable compensation costs.

In December, the Company started accounting for its U.S. equities and Treasuries trading books in an affiliate entity, XTX Markets LLC, a U.S. registered broker dealer

Future outlook

XTX has been actively preparing for the impact of the United Kingdom leaving the European Union ('EU') either with a withdrawal agreement or under a no-deal scenario, based on current publicly available information and regulatory guidelines. To this end, a new French legal entity, XTX Markets SAS has been incorporated and received relevant regulatory approval. As such, the Company expects repositioning of its trading book to be implemented in 2019.

The Company has plans to launch new trading strategies and continue to grow its Systematic Internaliser (SI) in Europe and expand its counterparty offering. The Company is expected to continue to trade profitably to support organic growth. The Company is continually assessing the changing market and regulatory landscape to ensure it can evolve and adapt to changes in counterparty and operational demands. The directors do not anticipate any changes in the Company's core activities for the foreseeable future.

Strategic report (Continued)

For the year ended 31 December 2018

Principal risks and uncertainties

The Board meets each quarter to set out and review the Company's risk appetites across the risks facing the Company. A description of the Company's principal operational and financial risks and the Company's risk and capital management policies are set out in note 17 to the financial statements.

By order of the board,



A Gerko

Director

16 April 2019

Directors' report

For the year ended 31 December 2018

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2018.

Directors

The directors of the Company who were each in office during the year and up to the date of signing the financial statements (unless stated below) were:

A Gerko
Z Amrolia
N Beattie

Dividend

Ordinary dividends of £120,638,000 were paid during the year to the immediate parent solely in order to fund other entities in the XTX group for operational purposes, and provide funding for the full repayment of a debt arrangement held by XTX Midco Limited. The directors do not recommend the payment of a final ordinary dividend in respect of the financial year ended 31 December 2018 (2017: £nil).

Going concern

The financial statements have been prepared on the going concern basis of accounting. The directors have a reasonable expectation that the Company has adequate resources to implement its growth plans, 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 financial forecast for 2019 which shows increased profitability and an excess of liquid resources to meet the Company's liabilities as they fall due. Additionally, as part of the Company's Internal Capital Adequacy Assessment Process ("ICAAP"), financial projections have been prepared extending to December 2021 which show continuous profit growth.

As part of this process, risks facing the business have been considered and a range of stress tests have been applied to these projections, all of which demonstrate the Company's ability to remain profitable even under a range of plausible yet severe stresses.

The directors note that the Company had net current assets of £190,865,000 at 31 December 2018 which included £82,541,000 of liquid cash resources and £143,487,000 of cash held with clearing brokers that 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.

Future outlook

Please refer to the relevant section under strategic report.

Political contributions

The Company made no political donations and did not incur any political expenditure during the year.

Pillar 3 disclosure

In accordance with the rules of the FCA, the Company has published information on its risk management objectives and regulatory capital requirements and resources. Details of the Company's Pillar 3 disclosures are available at the Company's website www.xtxmarkets.com. These disclosures are unaudited.

Directors' report *(continued)*
For the year ended 31 December 2018

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

A Gerko

Director



16 April 2019

R7, 14-18 Handyside Street, London N1C 4DN

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year. 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 IFRSs 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.

Independent auditor's report to the members of XTX Markets Limited

Opinion

We have audited the financial statements of XTX Markets Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 in the UK that are relevant to our audit of the financial statements, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of XTX Markets Limited (continued)

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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

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 the 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 any material misstatements in the Strategic report or the 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 by the Company, 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 Statement of directors' responsibilities on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Independent auditor's report to the members of XTX Markets Limited (continued)

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.

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.



Janet Leslie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16 April 2019

Statement of comprehensive income
for year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue	3	305,238	154,573
Administrative expenses		(148,713)	(80,368)
Operating profit	4	156,525	74,205
Finance and other income	7	1,417	1,267
Finance expense	7	(2,749)	(482)
Profit before tax		155,193	74,990
Taxation	8	(38,638)	(14,013)
Profit for the year		116,555	60,977

All amounts relate to continuing operations.

The notes on pages 14 to 31 form part of these financial statements.

Statement of financial position
at 31 December 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	10	12,022	8,629
Deferred tax asset	11	1,420	453
		<u>13,442</u>	<u>9,082</u>
Current assets			
Cash and cash equivalents		45,465	53,351
Financial assets at fair value through profit or loss	12	32,273	29,926
Trade and other receivables	13	176,916	139,316
Current asset investments held at amortised cost	14	37,076	27,046
		<u>291,730</u>	<u>249,639</u>
Total assets		<u><u>305,172</u></u>	<u><u>258,721</u></u>
Current liabilities			
Financial liabilities at fair value through profit or loss	17	23,796	20,210
Trade and other payables	15	58,583	23,952
Corporation tax payable		18,486	6,765
		<u>100,865</u>	<u>50,927</u>
Non-current liabilities			
Deferred bonus	15	1,212	616
Total liabilities		<u><u>102,077</u></u>	<u><u>51,543</u></u>
Net assets		<u><u>203,095</u></u>	<u><u>207,178</u></u>
Equity			
Share capital	16	69,770	69,770
Retained earnings		133,325	137,408
Revaluation reserve		-	-
Total equity		<u><u>203,095</u></u>	<u><u>207,178</u></u>

The notes on pages 14 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 16th April 2019 and were signed on its behalf by:



A Gerko
Director
Company registered number: 9415174

Statement of changes in equity
for year ended 31 December 2018

	Share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
Balance at the beginning of the year	69,770	137,408	-	207,178
Profit for the year	-	116,555	-	116,555
Dividends paid	-	(120,638)	-	(120,638)
Balance at 31 December 2018	69,770	133,325	-	203,095

for year ended 31 December 2017

	Share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
Balance at the beginning of the year	69,770	98,475	247	168,492
Profit for the year	-	60,977	-	60,977
Transfer on reclassification of financial assets	-	247	(247)	-
Dividends paid	-	(22,291)	-	(22,291)
Balance at 31 December 2017	69,770	137,408	-	207,178

The notes on pages 14 to 31 form part of these financial statements.

Statement of cash flows
for year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the year before tax		155,193	74,990
<i>Adjustments for:</i>			
Depreciation	10	6,194	5,088
Net finance income	7	1,332	(785)
		<u>162,719</u>	<u>79,293</u>
Taxation			
Tax paid		(27,886)	(16,037)
Changes in working capital:			
Net cash outflow arising from trading activities		2,191	(699)
Increase in trade receivables		(34,622)	(35,716)
Increase in other receivables		(3,173)	(2,897)
Increase/(decrease) in trade and other payables		35,423	(14,412)
		<u>(181)</u>	<u>(53,724)</u>
Net cash inflow from operating activities		<u>134,652</u>	<u>9,532</u>
Cash flows from investing activities			
Amount received on repayment of loan held at amortised cost	13	-	48,000
Interest and dividends received	7	1,417	330
Interest and dividends paid	7	(2,749)	(482)
Acquisition of property, plant and equipment	10	(9,587)	(10,215)
Purchase of exchange memberships	12	(951)	(1,217)
Net cash paid for investment in money market funds	14	(10,030)	(17,011)
Net cash (outflow)inflow from investing activities		<u>(21,900)</u>	<u>19,405</u>
Cash flows from financing activities			
Dividends paid to immediate parent		(120,638)	(22,291)
Net cash (outflow) from financing activities		<u>(120,638)</u>	<u>(22,291)</u>
Net (decrease)/increase in cash and cash equivalents		(7,886)	6,646
Cash and cash equivalents at 1 January 2018		53,351	46,705
Cash and cash equivalents at 31 December 2018		<u>45,465</u>	<u>53,351</u>

The notes on pages 14 to 31 form part of these financial statements.

Notes to the financial statements

1. Corporate information

XTX Markets Limited (the "Company") is a limited liability company incorporated and domiciled in England with a registered address of R7, 14-18 Handyside Street, London N1C 4DN. The financial statements of the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 16 April 2019.

2. Accounting policies

2.1 Basis of preparation

The Company's financial statements have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently for each year presented in these financial statements.

The preparation of the Company's financial statements has not required management to make any significant judgements, estimates or assumptions that affect the reported amounts of revenues, expenses, assets or liabilities; or the accompanying disclosures.

In the current year, the following new and revised Standards and Interpretations have been adopted and have had no impact on these financial statements.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The Directors determined that the adoption of IFRS 15 did not have a significant impact on the Company's revenue recognition or measurement. As the Company is a proprietary trading business, the vast majority of the revenue generated from the Company's operating activities fall outside of the scope of IFRS 15. The Directors determined that the adoption of IFRS 9 will not give rise to any significant adjustments to the carrying values of the Company's financial assets and liabilities. All financial instruments are held for trading purposes and hence measured at fair value through profit or loss.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were effective.

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual improvements 2015-2017 Cycle (issued in December 2017)

The Directors have considered the impact that the adoption of IFRS 16 will have on the Company. As the Company acts as a lessee for assets held under operating leases, the adoption of this standard from its effective date of 1 January 2019 have resulted in some changes to the way that operating lease obligations are recognised and accounted for in the financial statements. A new right of use asset of £15,453,000 and a corresponding liability of £15,180,000 has been recognised on the Company's statement of financial position with effect from 1 January 2019 in regard to the operating lease on the building at R7, 14-18 Handyside Street, London N1C 4DN.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Measurement convention

The financial statements are prepared on the historical cost basis except for those financial assets and financial liabilities that have been measured at fair value. Items included in the financial statements are measured in pounds sterling, the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's presentational currency is pounds sterling. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£'000).

2.3 Going concern

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 implement its growth plans, continue in operational existence and meet its liabilities as they fall due for the foreseeable future.

2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2.5 Financial instruments

Financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, borrowings, and trade and other payables.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are recognised and de-recognised on the trade date for the transaction which is deemed to be the point at which the Company transfers the rights or obligations of ownership from a third party.

Gains and losses arising from changes in the fair value of financial assets and liabilities are included in the statement of comprehensive income in the period in which they arise. Fair values are determined using the fair value hierarchy discussed further in note 17.

Trade and other receivables

Trade and other receivables are recognised initially at cost which reflects the amount expected to be received on settlement. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at cost which reflects the amount expected to be paid to settle the obligation. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on deposit at banks with a maturity profile of less than 90 days. Any bank overdrafts are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Current asset investments

Current asset investments are highly liquid investments such as money market funds that typically have a maturity profile of less than 180 days from the date of acquisition.

Notes to the financial statements (*continued*)

2. Accounting policies (*continued*)

2.6 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives and different depreciation methods, they are accounted for as separate items of property, plant and equipment. The initial cost of an asset includes all expenditure that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged to the statement of comprehensive income over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation methods and estimated useful lives are as follows:

- Leasehold assets - straight-line basis over life of the lease, or to the lease break, if shorter.
- Fixtures & fittings - straight-line basis over 7 years.
- IT trading equipment - 10% per month on reducing balance basis over 2 years followed by straight line basis for the third year.
- IT office equipment - straight-line basis over 3 years.
- Trading software - 10% per month on reducing balance basis over 2 years followed by straight line basis for the third year.
- Office software - straight-line basis over 3 years.

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

2.7 *Employee benefits*

Defined contribution plans

Under the terms of the Company's defined contribution plan the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised on an accruals basis as an expense in the statement of comprehensive income in the year during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed on an accruals basis as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Deferred bonus

Certain employees are eligible to receive discretionary bonuses that vest over a three year period. These deferred awards are guaranteed provided the employee remains employed by the Company during the designated deferral period, or is designated a 'good leaver' upon exiting the firm. These awards are recognised in the statement of comprehensive income on a straight line basis over the period to which they relate.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.8 Revenue

Revenues are comprised of proprietary trading and the revenue is calculated by recognising the profit or loss generated from trading activities which represents the difference between proceeds received on disposal and the initial cost of acquisition, including unrealised profits or losses on open positions. Revenue is recognised net of all costs that are directly associated with the Company's trading activities including trading and broker commissions and fees paid to access the Company's chosen markets and investment exchanges. These costs are recognised on an accruals basis as incurred.

2.9 Other income and expenses

Operating lease payments

The Directors consider all leases to which the Company acts as lessee to be operating leases. Payments made under operating leases have been recognised in the statement of comprehensive income on a straight-line accruals basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as a component part of the net lease expense.

Financing income and expenses

Interest receivable and interest payable is recognised on an accruals basis in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income and expenses are recognised in the statement of comprehensive income on the date the Company's right to receive or obligation to make payments is established.

Administrative expenses

All administrative expenses are recognised on an accruals basis.

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements *(continued)*

3. Revenue

	2018 £'000	2017 £'000
Net trading revenue	305,238	151,828
Investment management fees	-	2,745
	<u>305,238</u>	<u>154,573</u>

Trading revenues are disclosed net of all transaction execution and clearing related costs incurred by the Company in the performance of its proprietary trading activities. These costs totalled £181,797,845 for the year ended 31 December 2018 (2017: £113,876,728).

4. Operating profit

Included in operating profit are the following amounts:

	2018 £'000	2017 £'000
Depreciation	6,194	5,088
Strategic advisory fees	-	1,434
Losses / (gains) on foreign exchange	(74)	336
Amounts receivable by the company's auditor in respect of:		
Audit of financial statements	97	70
Taxation compliance services	33	18
Other tax advisory services	175	294
Operating leases costs	<u>2,253</u>	<u>1,788</u>

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2018	2017
Directors	3	3
Support staff	<u>56</u>	<u>44</u>
	<u>59</u>	<u>47</u>

Notes to the financial statements *(continued)*

5. Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	2018	2017
	£'000	£'000
Wages and salaries	12,929	9,914
Social security costs	1,633	1,222
Contributions to defined contribution plans	438	340
	<u>15,000</u>	<u>11,476</u>

6. Directors' remuneration

The aggregate amount of compensation payable by the Company to individuals operating in their capacity as directors' of the Company during the year is as follows:

	2018	2017
	£'000	£'000
Directors' remuneration	<u>600</u>	<u>533</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £400,000 (2017: £400,000). No directors received any pension contributions during the year ended 31 December 2018 (2017: £nil).

7. Finance and other income and finance expense

	2018	2017
	£'000	£'000
Finance income		
Interest income on loan held at amortised cost	-	30
Interest income on bank deposits	112	51
Interest income from trading activities	751	143
Interest income from money market funds	127	23
Dividend income	137	83
Corporate tax repayment	290	-
Unrealised gain on exchange memberships held at fair value through profit or loss (note 12)	-	937
Total income on financial assets	<u>1,417</u>	<u>1,267</u>
Finance expense		
Interest Expense - trading	689	424
Dividend expense - trading	293	58
Interest Expense - bank	20	-
Corporate hedge	890	-
Unrealised loss on investments held at fair value through profit or loss (note 12)	857	-
Total expense on financial liabilities	<u>2,749</u>	<u>482</u>

Notes to the financial statements (continued)

8. Taxation

(a) Analysis of the tax expense for the year

	2018 £'000	2017 £'000
Current tax charge	28,947	14,168
Bank surcharge	10,660	-
Prior year adjustment	(1)	(45)
Deferred tax credit	(1,009)	(266)
Prior year adjustment	41	156
Total tax expense	<u><u>38,638</u></u>	<u><u>14,013</u></u>

(b) Factors affecting the tax charge for the year

The UK standard effective rate of corporation tax for 2018 is 19% (2017: 19.25%). The tax charge for the year is higher (2017: lower) than the UK standard effective rate of corporation tax for the period of 19%. The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	155,193	74,990
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	29,487	14,435
Effects of:		
Bank surcharge	10,660	-
Non-deductible expenses	137	356
Non-taxable income	(139)	(16)
Non-qualifying depreciation	-	284
Group relief	(1,121)	(1,073)
Prior year adjustment	40	111
Double tax relief	(8)	(4)
Rate changes	(418)	-
R&D credit	-	(80)
Total tax expense	<u><u>38,638</u></u>	<u><u>14,013</u></u>

The Finance Act 2016, substantively enacted on 6 September 2016 and fully enacted on 15 September 2016, included a decrease in corporation tax rates to 19% from 1 April 2017 and 17% from 1 April 2020. Deferred tax balances are calculated at the rate at which the balances are expected to be settled, based on tax rates that have been substantively enacted at the statement of financial position date. The Company meets the definition of a banking company in Part 7A CTA 2010 and is subject to an 8% surcharge on profits in excess of £25,000,000 per year

A deferred tax asset of £1,420,000 has been recognised in respect of depreciation in excess of capital allowances and deferred bonuses. This deferred tax asset has been calculated at a rate of 27% to reflect the marginal rates at which the differences are expected to reverse

Notes to the financial statements (continued)

9. Capital requirements (country-by-country reporting) regulations 2013

During 2013, the UK government enacted regulation (contained in the Financial Services and Markets Act 2000 Statutory Instruments 3188) which requires Capital Requirement Directive IV (CRD IV) regulated institutions to publish the following information:

Year ended 31 December 2018

Location	Nature of activities	Revenue £'000	No of full time employees	Profit before taxation £'000	Total tax expense £'000	Subsidies received £'000
UK	The principal activity is proprietary electronic trading.	305,238	59	155,193	38,638	-

Year ended 31 December 2017

Location	Nature of activities	Revenue £'000	No of full time employees	Profit before taxation £'000	Total tax expense £'000	Subsidies received £'000
UK	The principal activity is proprietary electronic trading.	154,573	47	74,990	14,013	-

10. Property, plant and equipment

	2018 Leasehold assets £'000	2018 IT equipment £'000	2018 Software £'000	2018 Fixtures & fittings £'000	2018 Total £'000
Cost					
Balance at beginning of year	5,141	10,323	217	512	16,193
Asset re-classification	(2,165)	-	-	2,165	-
Re-stated balance at the beginning of year	2,976	10,323	217	2,677	16,193
Acquisitions	1,470	7,662	333	122	9,587
Balance at end of year	4,446	17,985	550	2,799	25,780
Depreciation and impairment					
Balance at beginning of year	174	7,137	165	88	7,564
Depreciation charge for the year	412	5,293	117	372	6,194
Balance at end of year	586	12,430	282	460	13,758
Net book value at 31 December 2018	3,860	5,555	268	2,339	12,022
Net book value at 31 December 2017	4,967	3,186	52	424	8,629

Notes to the financial statements *(continued)*

11. Deferred tax asset

The Company's deferred tax asset is attributable to the following:

	Assets 2018 £'000	Assets 2017 £'000
Timing differences between capital allowances and depreciation of fixed assets	1,252	395
Timing differences in respect of deferred compensation	168	58
	<u>1,420</u>	<u>453</u>

The movement in the Company's deferred tax asset during the year was as follows:

	Beginning of year £'000	Recognised in Statement of Comprehensive Income £'000	End of year £'000
Timing differences between capital allowances and depreciation of fixed assets	395	857	1,252
Timing differences in respect of deferred compensation	58	111	169
	<u>453</u>	<u>968</u>	<u>1,421</u>

12. Financial assets at fair value through profit or loss: trading securities and exchange memberships

Exchange membership assets are a range of unlisted CME seats, listed CME shares and unlisted LME shares, which are deemed an operating membership that is required for trading on the CME and LME respectively.

	2018 £'000	2017 £'000
Trading securities	23,264	21,868
Other financial assets - CME shares	5,914	4,340
Other financial assets - LME shares	295	335
Other financial assets - CME seats	2,800	3,383
Total	<u>32,273</u>	<u>29,926</u>

Notes to the financial statements *(continued)*

13. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due from brokers	143,487	123,909
Trade receivables due from related parties	12,162	1,219
Other receivables	9,273	6,795
Prepayments and accrued income	11,994	7,393
	<u>176,916</u>	<u>139,316</u>

All amounts included within trade and other receivables are expected to be recovered within 12 months.

No amounts are considered to be past due or impaired (2017: none).

The carrying value of all trade and other receivables approximates to fair value.

14. Current asset investments held at amortised cost

	2018 £'000	2017 £'000
Money market funds	27,104	27,046
Short term bond funds	9,972	-
	<u>37,076</u>	<u>27,046</u>

15. Trade and other payables

	2018 £'000	2017 £'000
Current		
Trade and other payables	588	1,609
Amounts due to related parties	38,885	9,971
Accrued expenses	19,110	12,372
	<u>58,583</u>	<u>23,952</u>
Non-current		
Deferred bonus	1,212	616
	<u>1,212</u>	<u>616</u>

The carrying value of all trade and other payables approximates to fair value.

Notes to the financial statements (*continued*)

16. Capital and reserves

Share capital

	Preference shares of £1 each 2018	Ordinary shares of £1 each 2018	Preference shares of £1 each 2017	Ordinary shares of £1 each 2017
In issue at the beginning of year and fully paid	1	69,770,000	1	69,770,000
Issued during the year - fully paid	-	-	-	-
In issue at the end of year and fully paid	<u>1</u>	<u>69,770,000</u>	<u>1</u>	<u>69,770,000</u>

In respect of preference shares, the Company may declare a discretionary annual preference dividend (which will be apportioned amongst the preference shareholders in proportion to the number of preference shares they hold) equal to any revenues earned from the sale, licensing or other exploitation of the Company's Original IP. Upon any return of capital, at the discretion of the directors, shareholders of preference shares have the right to be paid an amount equal to the market value of the Original IP held by the Company. Preference shares carry no rights to vote. The preference share was issued on 30 April 2015.

In respect of ordinary shares, the Company may declare an annual dividend (which will be apportioned amongst the ordinary shareholders in proportion to the number of ordinary shares they hold) equal to the outstanding balance of amounts which the Company has resolved will be distributed to shareholders (after the dividend in respect of the preference shares has been paid). Upon any return of capital, shareholders of ordinary shares have the right to receive the remaining balance once any payments due to the preference shareholders have been made. Ordinary shares carry the right to vote (with one share carrying one vote) on resolutions of the Company. Ordinary shares were issued on 30 April 2015.

17. Financial instruments and risk management

17(a) Overview

The Risk Management Framework of the Company incorporates the XTX Group's Risk Management Framework and has been designed and implemented in such a way that it aids the Company's performance whilst monitoring risks against key indicators.

Key Risk Indicators (KRI's) are used to monitor the Company's potential risk exposure on an ongoing basis. Where possible, these are monitored in real time. Where this is not possible, these are monitored on at least a monthly basis (in the case of some subsets of operational risk), or more frequently if possible (such as credit exposures to counterparties, which is monitored on a daily basis).

The Company's Risk Management Framework includes the strategies, policies, tools, governance arrangements, processes and reporting procedures to manage its risks. This framework outlines the risk strategy and approach to managing risk, including how it identifies, measures, manages, monitors and reports on the risks to which it is exposed.

Further information on the types and management of specific risk types is given below.

Notes to the financial statements *(continued)*

17. Financial instruments and risk management *(continued)*

17(b) Fair values of financial instruments

The table below analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value using the definitions that follow:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the statement of financial position are as follows:

	Carrying amount 2018 £'000	Fair value 2018 £'000	Level 1 2018 £'000	Level 2 2018 £'000	Level 3 2018 £'000
Assets					
Trading securities (note 12)	23,264	23,264	23,264	-	-
Money market funds	27,104	27,104	27,104	-	-
Short term bond funds	9,972	9,972	9,972	-	-
Exchange memberships (note 12)	9,009	9,009	6,209	2,800	-
Total financial assets	69,349	69,349	66,549	2,800	-
Liabilities					
Trading securities	23,796	23,796	23,796	-	-
Total financial liabilities	23,796	23,796	23,796	-	-

Notes to the financial statements *(continued)*

17. Financial instruments and risk management *(continued)*

17(b) Fair values of financial instruments *(continued)*

	Carrying amount	Fair value	Level 1	Level 2	Level 3
	2017	2017	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000
Assets					
Financial assets at fair value through profit and loss:					
Trading securities	21,868	21,868	21,868	-	-
Money market funds	27,046	27,046	27,046	-	-
Exchange memberships	8,058	8,058	4,340	3,718	-
Total financial instruments	56,972	56,972	53,254	3,718	-
Liabilities					
Financial assets at fair value through profit and loss:					
Trading securities	20,210	20,210	20,210	-	-
	20,210	20,210	20,210	-	-

17(c) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and consists of the Company's cash held at bank, cash held at the clearing brokers, the receivables due from related companies and investments in money market funds.

The credit risk associated with banking and money market exposures is managed through adherence to approved risk appetites in terms of limits on maximum cash holdings per institution and minimum Standard and Poor's ("S&P") credit ratings assigned to institutions where cash will be deposited.

Credit risk in respect of the cash held at clearing brokers is managed in accordance with Company's credit risk policy. The Company has implemented the following three strategic measures to ensure that credit risk is properly managed:

- Diversification of corporate cash excess
- Diversification of clearing arrangements
- Periodic review of the composition of the Company's credit risk requirement on a Pillar 1 and Pillar 2 basis in line with Company's ICAAP

Notes to the financial statements *(continued)*

17. Financial instruments and risk management *(continued)*

17(c) Credit risk *(continued)*

Exposure to credit risk

The maximum exposure to credit risk at the statement of financial position date by class of financial instrument was:

	2018	2017
	£'000	£'000
Amounts due from brokers	143,487	123,909
Cash and cash equivalents	45,465	53,351
Money market funds	37,076	27,046
Trade receivables due from related parties	1,752	1,219
Other receivables	9,273	6,795
Accrued income	9,576	7,393
	246,629	219,713

17(d) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Given the current nature of the Company's activities, the principal liabilities are financial liabilities held at fair value, taxation and other working capital obligations that primarily comprise occupancy and compensation payments and amounts due to related parties. All of these balances are considered to be repayable on demand and the anticipated cash outflows needed to settle these obligations are considered to approximate to the carrying amount shown on page 11.

The Company seeks to ensure it maintains sufficient financial resources to meet its obligations as they fall due through the application of the Company's liquidity management framework. The framework determines a target level of liquidity to hold against forecasted net outflows and performs a range of plausible yet severe stresses to ensure that the Company's liquidity resources are adequate to ensure that its liabilities can be met at all times.

The Company's liquidity profile consists of matched assets and obligations in terms of timing. There are no material liquidity funding profile mismatches as materially all assets are either held in cash or convertible to cash in the short term and materially all liabilities are payable within 90 days.

17(e) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company is impacted by market risk principally arising from:

- Foreign currency risk: retranslation of non-trading book assets and liabilities denominated in currencies other than GBP, and exposure from intraday open positions as part of its trading strategies.
- Interest rate risk: a low level of risk associated with adverse interest rate movements impacting cash deposits and money market funds.
- Security price risk: a low level of risk associated with the movement in the fair value of the security during the time they are held in the Company's possession due to the immaterial net positions held.

Notes to the financial statements (*continued*)

17. Financial instruments and risk management (*continued*)

17(e) Market risk (*continued*)

Market risk - Foreign currency risk

The Company manages its exposure to foreign currencies in accordance with its FX Policy, which aims to minimise foreign currency risk to an appropriate level, whilst ensuring that exposures do not exceed established limits. The Company manages the trading book foreign currency risk as part of its intraday trading strategies which may result in an overnight exposure. Any exposure over these limits would be eliminated or hedged via various financial instruments, principally FX spot or forward trades and futures.

The Company's overall exposure to foreign currency risk based on the carrying amount for monetary financial instruments at the statement of financial position date is as follows:

Profile

	2018 £'000	2017 £'000
Sterling	193,220	188,045
US Dollar	61,778	24,474
Euro	(43,018)	(3,253)
Australian Dollar	(11,664)	-
Other	(6,054)	(3,393)
Net exposure	<u>194,262</u>	<u>205,873</u>

Sensitivity analysis

The Company's exposure to movements in foreign currency is illustrated in the table below. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

A 10% change in GBP to USD and GBP to EUR would have had the following impact on the company:

	10% increase in USD rate £'000	10% decrease in USD rate £'000	10% increase in EUR rate £'000	10% decrease in EUR rate £'000
Increase/(decrease) in net assets as at 31 December 2018	(5,616)	6,864	3,911	(4,780)
Increase/(decrease) in net profit as at 31 December 2018	(5,616)	6,864	3,911	(4,780)

2017:

	10% increase in USD rate £'000	10% decrease in USD rate £'000	10% increase in EUR rate £'000	10% decrease in EUR rate £'000
Increase/(decrease) in net assets as at 31 December 2017	(1,439)	1,759	296	(361)
Increase/(decrease) in net profit as at 31 December 2017	(1,439)	1,759	296	(361)

Notes to the financial statements (*continued*)

17. Financial instruments and risk management (*continued*)

17(e) Market risk (*continued*)

Market risk - interest rate risk

The Company has low levels of sensitivity to changes in interest rates as it has no interest-bearing borrowings. The exposure arises primarily from cash on deposit at banks and money market funds.

At the statement of financial position date, the Company had the following assets that were exposed to variable interest rate:

	2018 £'000	2017 £'000
Variable rate instruments		
Cash and cash equivalents	45,465	53,351
Money market funds	37,076	27,046
	<u>82,541</u>	<u>80,397</u>

Sensitivity analysis

A change of 50 basis points in interest rates at the statement of financial position date would cause an annualised increase/(decrease) in net assets and profit by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates.

	Increase by 50bps £'000	Decrease by 50bps £'000
Increase/(decrease) in net assets as at 31 December 2018	413	(413)
Profit exposure at 31 December 2018	413	(413)

	Increase by 50bps £'000	Decrease by 50bps £'000
Increase/(decrease) in net assets as at 31 December 2017	405	(405)
Profit exposure at 31 December 2017	405	(405)

Market risk - Security price risk

The Company enters into a high volume of transactions on a daily basis across the equity, FX, fixed income and commodity markets. Whilst the Company will normally only hold positions for a short period of time intra-day, the Company remains exposed to adverse market movements during the time that the positions are held, which if realised, have a direct impact on the Company's capital. Management has controls in place to mitigate this risk by monitoring intra-day exposures on a real-time basis. Management has also put in place specific risk limits in the event that exposures arising from price movements exceed set tolerance thresholds.

The Company has a minimal equity price risk for securities held at the end of each day. Most trading positions are closed intra-day and residual overnight positions held are typically not material and are appropriately hedged. As a result of this low exposure, the Company does not consider any sensitivity analysis to have a significant impact on the financial performance or the position of the Company.

Notes to the financial statements *(continued)*

17. Financial instruments and risk management *(continued)*

17(f) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. These failures can arise from deliberate, accidental or natural events.

The Company assesses operational risk appetite on a per category basis. It has a low risk appetite for most subsets of operational risk, however has an elevated appetite for processes, systems and model risk. A number of material scenarios were selected for each category and these were assessed against certain criteria (such as reputational impact, likely level of capital losses, internal and external loss events, probability of occurrence) to identify the most appropriate list of key operational risk scenarios facing the Company.

17(g) Capital management

The Company manages its shareholders' equity according to the XTX Group's capital management policy. As at 31 December 2018 total shareholders' equity was £203,095,000 (2017: £207,178,000).

The Company manages its capital adequacy via real time monitoring and has conducted an Internal Capital Adequacy Assessment Process ("ICAAP") to ensure that regulatory capital resources are in excess of capital adequacy requirements. The sufficiency of regulatory capital for the Company is monitored against risk appetites approved by the Board. The Company has undertaken a stress and scenario testing programme to identify its resilience to stress events, from both an earnings and capital adequacy perspective.

18. Operating leases

At 31 December 2018, the Company had minimum amounts payable under non-cancellable operating lease rentals falling due for payment as follows:

	2018	2017
	£'000	£'000
Less than one year	2,282	2,558
Between one and five years	9,128	9,128
More than five years	9,128	11,410
	<u>20,538</u>	<u>23,096</u>

19. Related parties

The Company receives quantitative research services from XTX Research LLP and business development services from XTX Markets PTE Limited and XTX Markets LLC.

Notes to the financial statements (*continued*)

19. Related parties (*continued*)

	Sales to	Administrative expenses	Receivables outstanding	Payables outstanding
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
XTX Holdings Limited	-	-	-	9,772
XTX Markets PTE Limited	-	21,145	-	15,839
XTX Markets LLC	2,054	6,793	2,300	-
XTX Services LLC	-	730	-	639
Linear Technology Solutions (Shanghai) Limited	-	-	51	-
Linear Technology Solutions (Cayman) Limited	460	-	556	-
XTX Research LLP	1,018	70,164	-	12,635
XTX Investments Limited	-	-	7	-
XTX Investments UK Limited	-	-	8,228	-
XTX Midco Limited	-	-	1,008	-
XTX Topco Limited	-	-	12	-
	<u>3,532</u>	<u>98,832</u>	<u>12,162</u>	<u>38,885</u>

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 December 2018 there were no guarantees in place for any related party receivables or payables. For the year ended 31 December 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Key management compensation

The Directors of the Company indirectly control 83% per cent of the voting shares of the Company through their ownership of XTX Topco Limited. The members of the Board of Directors are listed on page 1 and page 3 of these financial statements.

There are no amounts receivable or payments due to members of the Board of Directors. The directors are considered to be the Company's only key management personnel, as defined by IAS 24. Details of the remuneration arrangements of the directors of the Company are included in note 6.

20. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of XTX Holdings Limited "the Parent Company" which is the immediate parent company of the Company domiciled in the Cayman Islands and tax resident in the UK. The Company's ultimate parent company is XTX Topco Limited, an entity domiciled in Cayman Islands and tax resident in the UK. The registered address of XTX Topco Limited is Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands. The Company's ultimate controlling party is Alex Gerko.

The Company's immediate and ultimate controlling parties have no requirement to produce statutory consolidated financial statements that incorporate the results of the Company.