

**Marex Spectron International Limited**

Annual Report and Financial Statements and Supplemental Information with Report and  
Supplementary Report of Independent Auditor  
(Confidential Pursuant to CFTC Regulation 1.10(g))

Year ended 31 December 2023

Registration Number 03938219

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**Country of Incorporation**

England and Wales

**Legal Form**

Private limited company

**Directors**

N G W Grace

R C J Irvin

M I Thistle

**Company Secretary**

S Linsley

**Registered Office**

155 Bishopsgate, London, EC2M 3TQ

**Auditor**

Deloitte LLP

1 New Street Square, London, EC4A 3HQ

**Bankers**

NatWest plc

63-65 Piccadily, London, W1J 0AJ

JPM Chase

383 Madison Avenue, New York

The directors present the Strategic Report of Marex Spectron International Limited (the 'Company' or the 'Firm') for the year ended 31 December 2023. The Company is a subsidiary of Marex Group plc which together with its subsidiaries is referred to as the 'Group'.

**Review of Financial performance**

The Company's revenue in 2023 was \$161.5 million, an increase of \$54.2 million compared with 2022. The increase was primarily due to an increase in activity levels, in part driven by lower absolute price levels and margin requirements at exchanges in most energy products during the year, as well as benefiting from the strategic reorganization of our energy operations in 2022.

	<b>2023</b>	<b>2022</b>	<b>Increase</b>	<b>Change</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>%</b>
Revenue	161.5	107.3	54.2	51%
Expenses	(142.4)	(106.0)	(36.4)	34%
<b>Operating Profit</b>	<b>19.1</b>	<b>1.3</b>	<b>17.8</b>	<b>1,369.2%</b>

**Key performance indicators**

The key performance indicators (KPIs) that are the focus of senior management include operating profit before tax and revenue. From a financial management perspective operating profit is the key measurement of financial performance, reflecting the underlying profitability of the business. The Company also utilises trade numbers as a non-financial measure of performance. There were 156,908 trades in 2023 compared to 123,427 in 2022.

**Geographic analysis of Revenue**

	<b>2023</b>	<b>2022</b>
	<b>\$'m</b>	<b>\$'m</b>
United Kingdom	119.0	68.2
United States	34.0	31.8
Rest of the world	8.5	7.3
<b>Total</b>	<b>161.5</b>	<b>107.3</b>

The balances in Rest of the world consist of the Canadian branches.

In presenting geographical information, revenue is based on the geographic location of the legal entity where the customers' revenue is recorded. The primary focus in both these regions is the energy business.

**Business segment analysis of Revenue**

	<b>2023</b>	<b>2022</b>
	<b>\$'m</b>	<b>\$'m</b>
Clearing	—	0.5
Agency and Execution	160.9	105.3
Solutions	0.6	1.5
<b>Total</b>	<b>161.5</b>	<b>107.3</b>

**Review of Financial performance (continued)**

The below revenue represents 77% of the overall revenue increase.

<b>Key desk analysis of Revenue</b>	<b>2023</b>	<b>2022</b>	<b>Increase</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
Fuel Oil	37.4	24.0	13.4
Options	15.6	4.8	10.8
Europower Standard Products	13.6	6.0	7.6
European Natural Gas	12.6	5.2	7.4
European LPG	5.3	2.4	2.9

**Regulatory capital**

The Company has maintained its capital base throughout the year as well as at the balance sheet date.

***Financial Conduct Authority***

The Company is subject to minimum capital requirements as prescribed by the FCA and implemented through the Investment Firms Prudential Regime ('IFPR') from 1 January 2022. As at 31 December 2023, the Company had a total minimum capital requirement of \$12.1 million (2022: \$12.2 million) and capital resources of \$41.3 million (2022: \$26.6 million) equating to an excess of \$29.2 million (2022: \$14.4 million) and a solvency ratio of 341% (2022: 218%).

***National Futures Association***

As at 31 December 2023, the Company had a total capital requirement of \$45,000 (2022: \$45,000) and adjusted net capital of \$31.8 million (2022: \$15.4 million) equating to an excess of \$31.8 million (2022: \$15.3 million).

**Managing our Risk**

Risk management is a key consideration for delivering against our strategic priorities, whilst ensuring our long-term sustainability and effective corporate governance. Our Group's business strategy and risk appetite are linked and form the driver for decision-making across the Group so that boundaries are set to support the execution of our strategy, the effective management of capital and the efficient use of liquidity.

To ensure effective risk management practices permeate throughout the business we have a comprehensive risk management governance structure in place, that articulates the control mechanisms to identify, measure, assess, monitor, control, and report on our underlying top and emerging risks. This governance structure is articulated within our Enterprise-Wide Risk Management ('EWRM') framework and policy which are enabled by our people, our processes and systems and sets the foundations and organizational structure for implementing and reviewing risk management practices and activities across the Group which includes the Company.

**Risk appetite**

Our comfort in risk taking is set by the Board and defines the risk boundaries in which business and management operate.

Our risk appetite is underpinned by a series of measures that track the current and stressed performance of the business against a series of risk appetite statements.

Regular monitoring of our risk appetite measures helps us to alert management in case there are any changes to the Group risk profile so that appropriate actions can be promptly taken to return within acceptable risk levels. In line with our EWRM framework and Policy this approach allows the Board, its sub-committees and executive management to discuss and measure the nature and extent of the risks faced by the Group while executing our strategy.

**Managing Risk (continued)**

Stress and Scenario analysis

As part of the risk management process and in alignment with UK regulatory requirements set by the Financial Conduct Authority, we carry out regular stress tests and scenario analysis on the amount, type and distribution of financial and capital resources to address the key risks we are exposed to.

Within these assessments we not only look at capital and liquidity resources required to cover for the level of risk we may be exposed to, but we also take into consideration the level of harm to those that might be affected by our operations such as our clients and the markets we operate in.

We use these extreme but plausible risk scenarios to better understand how resilient our business should be during a moment of crisis or large-scale events that could materialize and, if necessary, to re-calibrate our risk appetite.

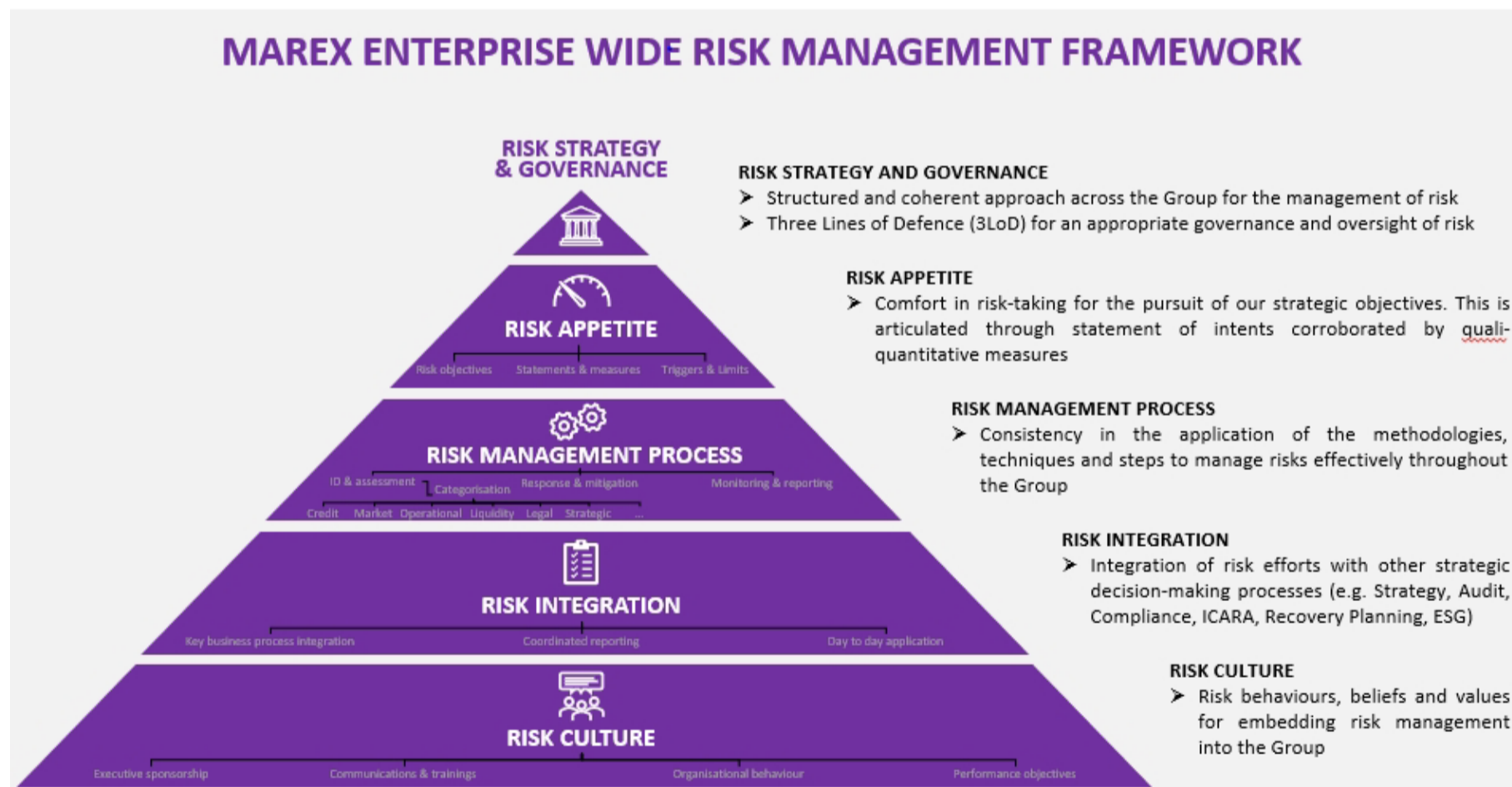
**Enterprise-wide risk management framework**

The EWRM framework is an overarching document that applies to the Group including the Company. It describes the methodology for managing our risks. The Board has ultimate responsibility for ensuring that the Group operates with an appropriate risk governance framework. It maintains oversight over subsidiaries and is cognizant of the local regulatory responsibilities applicable to Boards of local operations.

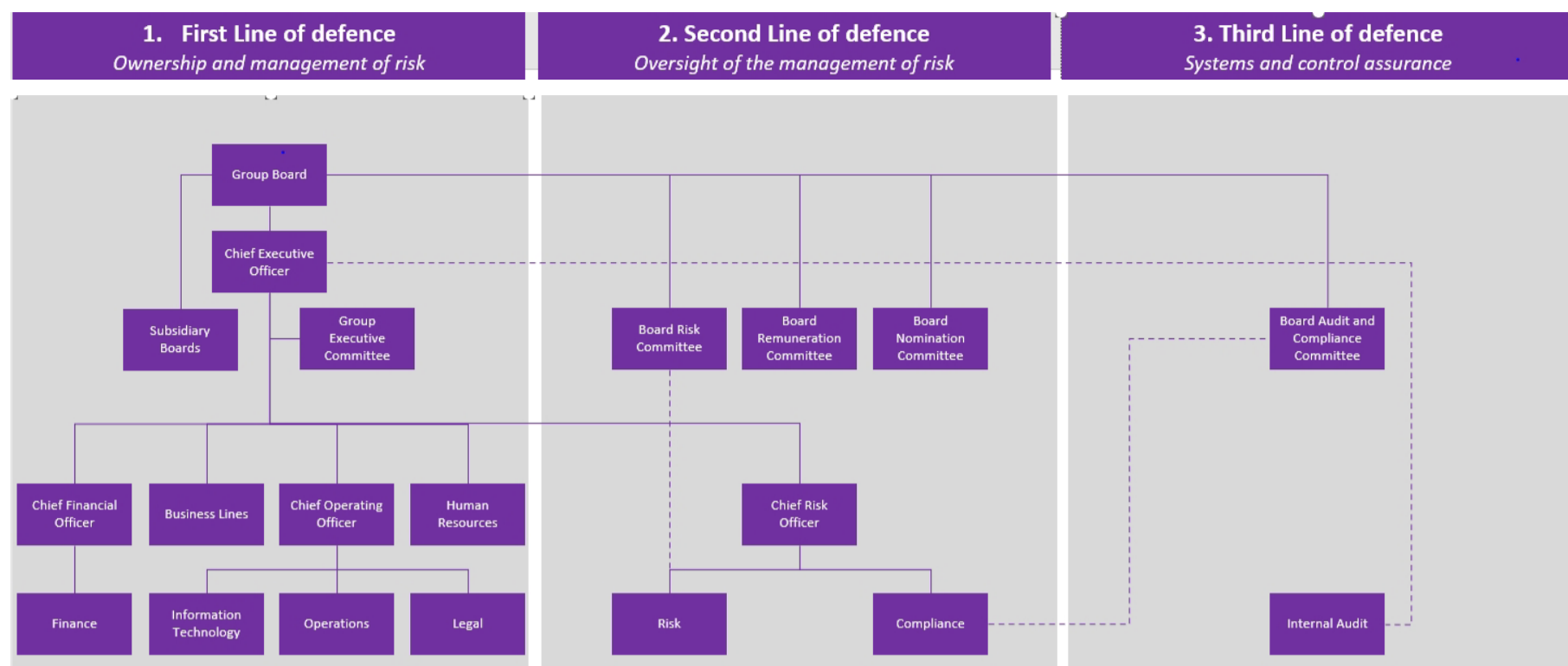
Subsidiaries may develop their own risk frameworks and policies for their specific business, however in the development they are consistent with and do not conflict with the principles of the Group EWRM policy, framework and all other relevant Group policies.

This structure ensures that all separate legal entities are treated collectively for the purposes of risk identification, assessment, communication, and reporting, so the Group has a holistic view of risk.

**Components of the EWRM Framework**



**Risk Strategy and Governance**



The **first line of defence** for day-to-day management of risk sits with the business units and support functions. They are responsible for understanding and adhering to the risk and control environment. Front line employees must consider the risk/reward trade-off in the short and long term and must ensure compliance with all risk policies and limits. The first line is responsible for the ongoing identification, assessment, monitoring and reporting of risk exposures and events.

The **second line of defence** is the internal control function, which includes Risk Management and Compliance. These teams provide independent risk oversight and challenge to the first line, and supervision of the operation of the risk control framework. Responsibilities also include the formulation and maintenance of risk frameworks, policies, and risk reporting.

The **third line of defence** is the independent assurance of the first and second lines. Internal Audit carries out an annual programme or risk-based audits covering all aspects of first and second-line risk management and risk control activities. The conclusions of each risk-based audit are reported to all three lines of defence. Internal Audit action plans are tracked through the Audit and Compliance Committee to ensure that resolutions are reached within the indicated timescales.

**Risk Appetite**

The Group wide business strategy is aligned with the Group's risk appetite to guide the Group's business activity and management risk-taking decisions. This approach ensures structures exist to respond to any material risks in line with the boundaries set by the Board.

The Group risk appetite statements are further articulated and translated into risk triggers, limits, and exposures which are reviewed by management on a regular basis to ensure the business operates within an acceptable level of risk exposure.

**Risk Appetite (continued)**

A high-level summary of the roles and responsibilities are included in the table below:

<b>Function</b>	<b>Role and Responsibility</b>
<b>Board of Directors</b>	Sets risk appetite and reviews and challenges risk strategies, risk management and control framework, key risk limits and high-level risk policies. Oversees business plan and risk management strategy.
<b>Group Executive Committee</b>	Considers decisions relating to risk and initiates appropriate actions following Board, Risk Committee and Audit Committee meetings. Reviews and challenges the overall risk profile and capital position of the business and ensures appropriate actions are taken to ensure risks are managed within the parameters and appetite set by the Board.
<b>Chief Executive Officer</b>	Ensures that the management of risks is within the parameters approved by the Group Board and changes to internal systems of control as recommended/required by Internal Audit and the Audit and Compliance Committee are appropriately implemented.
<b>Chief Operating Officer</b>	Support the establishment of a risk-aware culture and the implementation of the EWRM Framework, embedding its principles within all Policies, Frameworks and Procedures under his remit.
<b>Chief Risk Officer</b>	Enables efficient and effective governance of significant risks and related opportunities to the group. As a member of the Executive Committee, guides the committee and Board on the formulation of risk appetite, strategies, policies, delegated authorities, and limit structures for the management of risks.
<b>Audit and Compliance Committee</b>	Monitors the operational effectiveness of policies and internal control systems. Approves, monitors, and challenges the frequency, scope and performance of Risk Management considering risk exposures.
<b>Risk Committee</b>	Provides advice to the Board on the Group's current risk exposures and future risk strategies (including the strategy for capital and liquidity management), the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and the establishment of prescriptive rules and procedures in relation to risk. Oversight of risk when approving and monitoring limits on risk exposures and concentration across the business. Focus is on risks to which the group is exposed to considering risk appetite.
<b>Remuneration Committee</b>	Recommends to the Board the Group policies, practices and procedures related to employee remuneration, ensuring they encourage responsible business conduct, are consistent with, and promote sound and effective, risk management, promote risk awareness and prudent risk taking.

## **Risk Management Process**

The Group's risk management process aims to provide a consistent methodology to the group to effectively manage the risk we face.

The Group has a defined Risk Classification Model (RCM) that provides a common risk language, and a consistent basis for the identification of risk. This approach allows us to have a common frame of reference when we communicate risk information while we continue our efforts to standardize reporting across the group and across our regions. This categorization model forms an integral part of the EWRM Framework and is effectively linked to our risk appetite methodology.

The key steps as part of this component are:

### Identification and assessment:

The Group identifies and assesses material risks to which it may be exposed in the process of delivering its Business Strategy. This risk assessment forms the basis of identifying where it may be appropriate to implement risk controls across the business.

### Measurement & Control

Key risks identified in the RCM are consistently analysed and measured in accordance with approved policies and processes. The specific measure of risk is dependent upon the risk and multiple measures may be used to provide a comprehensive view given potential shortcomings in individual methodologies. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment.

### Reporting

An important part of the risk management remit is regular and appropriate reporting and communication of risk. In line with the governance structure in place, periodic reporting and risk analysis is presented to the relevant governing bodies as well as the relevant risk takers, including the Board; Risk Committee; Executive Board; and senior management. Specific details on calibration and implementation of individual measures and controls are detailed within the relevant policies and procedures for the control and business area.

The flow of information and communication across the Group relating to the management of risk and the effectiveness of the control framework within the risk governance structure is an important component of the framework. There is regular reporting on the performance and effectiveness of risk metrics and formalized management information relating to the risks inherent in the business. The escalation procedures for raising significant issues with managers and supervisors are clear and well embedded across the Group.

Reporting requirements include monitoring the on-going adequacy and effectiveness of the control framework, taking account of the trends and frequency of breaches of the control framework recorded on the Risk Register. Inherent risks and mitigating controls are assessed during the Risk and Control Self-Assessment process.

## **Risk Integration**

The Group recognize that for risk management to be effective, it needs to be coordinated and embedded across the Group. We continuously strive to integrate our risk management efforts with other relevant strategic decision-making processes. As an example of this, our risk department continuously interacts, liaise, and is coordinated with the activities undertaken by the Compliance, Internal Audit, Strategy and Planning, Business Resilience, and Sustainability teams and contributes to feed and challenge the ICARA and ICAAP processes.

Risk management also plays a crucial role when acquiring and incorporating a new company into Group activities. We have a structured process in place to ensure that acquisition and integration activities are executed in a controlled and structured manner and inherent risks of the target company are considered. This allows the Group to monitor and protect its value for all its stakeholders throughout acquisitions and run its operations in a safe manner.

## **Risk Culture**




Measured risk taking, and effective risk management are fundamental to the Group's core values - the tone from the top in relation to the organisational culture and attitude to risk informs the behaviour of our colleagues towards risk-taking activities.

The Group believe that Risk Management is the responsibility of all employees and this is why we have reflected risk into our appraisal and remuneration processes.

**Risk Identification and Assessments**

The Group’s Risk Characterisation Model, (RCM), considers a range of risks the Group faces. The RCM is reviewed on an ongoing basis and formally on an annual basis. Key business controls and procedures are implemented to mitigate the risks highlighted by the risk assessment.

**Key risks in 2023**

-  Risk heightened in 2023
-  Risk remained flat since 2022
-  Risk decreased during 2023

**Financial**

**Risk**

**Credit**

We operate and deal with a range of clients from institutional investors and financial services firms to energy distributors, commodity producers and other corporate hedging clients. Where any of our client, counterparty, or distributor, in the case of structured notes - fails to perform its contractual obligations we may incur a loss.

**Trend**



**Mitigation**

We control credit risk using a structured framework for the creation, use and monitoring of credit risk models. In addition, group Risk Management support business decision-making and the proactive identification of any new risks.

**Market**

As we run our business, fluctuations in the values of traded positions due to changes in the value of price, volatility, or interest rates within the financial markets may generate potential losses.



We continuously monitor the sensitivity of the portfolio to movements of market-driven risk factors. Key risk measures in place to control the portfolio are Monte Carlo simulations of loss scenarios, Greeks and simulations on pre-defined spot and volatility scenarios (Stress tests).

Procedures are in place to measure and set position limits to control market risk with growth, facilitated in a controlled and transparent risk management framework.

**Liquidity**

Due to the nature of our business, we may be subject to potential losses for not having sufficient financial resources to meet our financial obligations as they fall due, or we can secure such resources only at excessive cost.



We operate extensive liquidity management processes and perform regular stress tests and scenario analysis on the amount, type, and distribution of financial and capital resources to address the key risks we are exposed to. We continue to focus our efforts on strengthening our treasury capabilities as demonstrated by the hire of a Senior Treasury position later in the year.

**Risk Identification and Assessments (continued)**

**Operational**

**Risk**

**Technology and cyber**

Despite our reliance on a wide range of technology solutions, both built in-house and by leading providers, our cyber risk exposure is primarily driven by the inherent risk of our acquired businesses.

**Trend**



**Mitigation**

Security controls systems are well in place, and we aim to stay up to date with applications and systems to continuously improve our security programs.

We have completed major security plans for acquired entities that allow for closer infrastructure integration without significantly increasing our cyber risk exposure. Where our exposure exceeds our limits, we transfer risk through appropriate Cyber insurance policies.

**Third Party and vendor management**

Multiple acquisitions in rapid succession coupled with business growth and expansion have impacted on our ability to manage third-party vendors.



We continue to focus our effort on strengthening our procurement capabilities for the oversight and management of third parties. We have designed and are implementing an enhanced structure to enable us to better control and manage this increased vendor base.

**Compliance**

**Risk**

**Evolving regulatory landscape**

Adding on new business types, with new regulatory requirements from new jurisdictional regulators in complex business units from both organic and inorganic growth has added to the overall regulatory risk we face as a business.

**Trend**



**Mitigation**

We closely monitor the evolution of the regulatory landscape so that we can respond to changes in a timely manner. We also work with regulators and financial exchanges around the world to promptly respond to consultations with a view on collaboration so that regulations can be shaped effectively.

**Financial Crime and Sanctions**

We consider financial crime risk as the risk of facilitating illegal activity committed or furthered through Marex by internal or external parties, in relation to the following: money laundering, fraud, bribery and corruption, tax evasion, terrorist financing, proliferation financing and violation of sanctions.



We have adopted a holistic approach to the management of financial crime and sanctions risk and implements a group-wide Financial Crime Policy that is imposed through a structured financial crime and sanctions prevention framework.

Marex understands that its business model, sectors, and geographies in which it operates introduce inherent sanctions and financial crime risks. Additionally, the global sanctions landscape continues to evolve at pace bringing new complexities for compliance.

We are constantly strengthening our financial crime and sanctions prevention framework to adapt to these new and evolving threats and vulnerabilities, and to ensure the control environment remains sustainably designed and operates effectively.

**Risk Identification and Assessments (continued)**

**Strategic and business**

**Risk**

**Complexity related to the integration of new businesses**

Integration risk exposure is primarily driven by the volume and complexity of the new businesses acquired coupled with the capacity constraints within key control and support functions.

**Trend**



**Mitigation**

We continue to focus on investing and strengthening our change management capabilities to better integrate new businesses and deliver strategic initiatives while managing change in an efficient and effective way. During the course of the year, we have strengthened our change management team capabilities and are implementing an improved change structure to control and manage this increasing portfolio of work so that it can continue to deliver the planned outcomes.

**Climate-related risk**

In the global shifts towards a more sustainable economy, we may fail to anticipate and adequately respond to physical and transition threats and opportunities, which may lead to a decline in revenues and/ or market share, as well as regulatory and financial impact to the Group. Failure to articulate and manage our exposure to Climate related risks may compromise our reputation and profitability, not meeting our stakeholder and investor's expectations.

*New risk*

We are expanding our offerings to make Marex the go-to place for access to environmental products and markets and continue to mature our approach to measuring and monitoring our impact with quantifiable sustainability metrics and clear targets. We strive to align our sustainability approach with global leading practices and continue to seek advice from external subject matters resources to respond to new sustainability developments.

**Health and safety**

While performing our business activities our employees, visitors, other parties or the environment may be adversely affected.



We take health and safety seriously and recognize that the control of all health and safety matters from our work activities is not only an essential feature of our efficient operations but also a civil and statutory obligation. We are committed to provide a safe and healthy workplace for all our employees and it is our objective to continually improve our overall health and safety performance. We review our Health and Safety Policy on a regular basis and consider changing operational procedures, changing legislation and new knowledge.

**EMERGING RISKS**

**Evolving technologies and increased cyber threat**

The pace of technological innovation keeps transforming every aspect of our lives. The impact of emerging technologies can introduce efficiencies in workplace processes, however, the introduction of potentially disruptive technologies can have a detrimental impact on our business.

This pace of change, coupled with major incidents occurring across financial markets throughout the year such as the collapse of several crypto assets, failure of FTX exchange, ransomware attack on Ion Markets, and the failure of different US regional banks, all renewed the focus of organizations around cybersecurity strategies and capabilities.

## **EMERGING RISKS (CONTINUED)**

### **Geopolitical and macro economics**

#### Russia-Ukraine conflict

As Russia's invasion of Ukraine continued throughout the year, the impact on global supply chains has stabilized, with financial market prices remaining marginally volatile. NATO is expanding the Alliance and continues to act as a battleground against Russia, whilst other political and economic efforts are also being used.

We continue to monitor the geopolitical landscape and assess our risk profile accordingly. While high commodity prices were one of the risks already identified as potentially disruptive to the recovery, the prolongation of the conflict intensifies uncertainty in the global economy.

#### Israel-Palestinian conflict

Following the attack by Hamas on Israel on 7 October, we have activated our local Business Continuity plan and ensured the safety of our people based in Israel. In these uncertain times, we continue to monitor the local situation as well as the wider geopolitical evolution to ensure that safety and security of our people are maintained; and at the same time that Marex continues to provide the essential infrastructure for all our clients and the required credit and liquidity in times of stressed markets.

The threat of increasing yields, a potential global recession, and the escalation of geopolitical tensions, among others, are all potential drivers for further volatility ahead.

### **Movement to screens**

As more industries are disrupted across the world there is a risk that more transaction volume moves from voice to screens in the most liquid products, or even over entire exchanges. We continue to look at and evolve our business model entering new markets, enabling capacity on less liquid segments and invest further for enhancing our technology capabilities.

## **Section 172 - Companies Act 2006 statement**

The directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the requirements of Section 172 (1) (a) to (f) of the Companies Act 2006 as set out below. The Directors recognise the importance of stakeholder engagement and its contribution to the success of the Company and their interests are taken into consideration by the Directors during Board discussions and decision-making. This report sets out how the Directors have met these responsibilities during the financial year.

#### *(a) the likely consequences of any decision in the long term*

Strategy, risk and financial and operational resilience of the Company are managed at a Group level. The Group Board held its annual 'Strategy Day' in January 2023. At this meeting, the overarching strategy of the Group was reviewed and the 2023 budget and capital plan were approved. The discussions on strategy included diversification and growth, with a focus on the Americas and Asia-Pacific regions. The meeting also focused on corporate restructuring to simplify the Group and facilitate the development in overseas jurisdictions and simplifying the requirements of the unregulated business in both the UK and overseas. The Board also discussed the organisation of the US business and the opportunities available with cross-selling products. The Directors continue to identify opportunities, innovation, creativity and ambition, and to evolve and diversify the Group in line with the agreed risk appetite and long-term strategy.

#### *(b) the interests of the Company's employees*

The Directors continued to support the annual employee engagement survey, which was undertaken in July 2023. The number of respondents increased year-on-year by approximately 50% (2022: 926, 2023: 1,416), reflecting the growth of the Group, and results showed an increase in overall scores and an improvement in all measures, with the largest increases in areas identified as focus areas following the 2021 survey: environment, organisational fit, collaboration and diversity. The results evidenced progress in many dimensions, including elimination of the rating gap between men and women, and closing of the rating gap between Control & Support staff and Front Office staff. Management, supported by the Board, will continue to focus on building a strong Group with increasingly satisfied employees, and on maintaining high levels of engagement following the recent acquisitions. Further details of the Group Board's approach to remuneration, to leadership and how this cascades through the business to the workforce and employee engagement, can be found in the Corporate Governance Report in Marex Group plc's Annual Report.

**Section 172 - Companies Act 2006 statement (continued)**

*(c) the need to foster the Company's business relationships with suppliers, customers and others*

The Group Board is key in promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. This ensures that good business relationships are maintained. The Directors are committed to ensuring high standards are met when it comes to supplier relationships; as such, all suppliers are required to meet the Marex Supplier Code of Conduct and abide by both relevant national and international standards, including those set out by the International Labour Organization, the UK Bribery Act 2010 and the UK Equality Act 2010. The Group's Modern Slavery and Human Trafficking Statement sets out the commitment of the Directors to their corporate responsibility and to maintaining a culture within which ethical behaviour is promoted, in addition to setting out the steps taken to minimise the risk of modern slavery existing in the Group's business or supply chains. The Group Board recognises its financial regulators across the globe as key relationships and the Directors are committed to ensuring regular open dialogue and compliance with regulatory requirements.

*d) the impact of the Company's operations on the community and the environment*

The Group Board acknowledges its responsibility to minimise the impact of the business on the community and the environment. The Directors continue to support the Group's focus on ESG, which includes activities in the biofuels, renewable energy certificates, emissions futures and options, environmental consulting services and the launch of a bespoke renewables desk. The Directors also remain committed to the Group's carbon sequestration project with Oxford University spin-off OxCarbon and The Global Mangrove Trust; and the Group continued to maintain its carbon neutral status (using carbon offsets) in 2023. Further detail of the Group's approach can be found in the Sustainability Report in Marex Group plc's Annual Report. In addition, supported by the Directors, the Group's approach to taxation is one of transparency and disclosure, paying its fair share of tax, ensuring a cooperative approach to working with tax authorities, no aggressive tax planning, and alignment with best market practices.

*e) the desirability of the Company maintaining a reputation for high standards of business conduct*

The Directors understand the importance of promoting the Group's cultural values, ensuring they are understood by all and embedded into the fabric of the Group, its actions, how it conducts business, and how it supports appropriate behaviours. These are as follows:

- Integrity: We pride ourselves on our honesty and high ethical standards. We apply these values when working with all clients, colleagues and other stakeholders.
- Respect: Our people and clients are at the heart of our business. We strive to provide impeccable service and results combined with fair treatment and respect.
- Developing our people: Our people are the basis of our competitive advantage. We look to 'grow our own' and make Marex the place ambitious, hardworking and talented people choose to build their career.
- Adaptable and nimble: We are proactive. We embrace change as markets evolve to constantly increase our efficiency and create innovative solutions for our clients.
- Collaborative: By working together across the organisation, we foster teamwork, can better respond to challenges and successfully deliver for our clients.

*(f) the need to act fairly as between members of the Company*

As a wholly owned subsidiary of Marex Group plc, the shareholder's interests are represented by the directors, one of whom also serves on the Group Board and therefore responsible for setting the direction of the Group as a whole.



N G W Grace  
Director  
28 March 2024

**DIRECTORS' REPORT**

The Strategic Report starting on page 3 provides information on the development of the Company's business during the year.

**Principal activity**

The principal activity of the Company continued to be the arranging of contracts for Gas, UK Power, European Power, Emissions and Options on behalf of its clients via the Company's electronic market place and traditional voice broking.

The Company also offers brokering activities for agricultural commodities and financial products. It is regulated by the Financial Conduct Authority ('FCA') and also by the Commodity Futures Trading Commission ('CFTC') on behalf of the National Futures Association ('NFA') to transact trades on certain US exchanges.

**Directors**

The following directors have held office throughout the year and to the date of this report, except where noted:

	Appointed	Resigned
N G W Grace		
R C J Irvin	26 May 2023	
M I Thistle		
P R Tonucci		22 June 2023

**Indemnity of directors**

Each director is indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by them in the proper exercise of their duties. Directors who have resigned during the year also benefit from the same indemnity arrangement. In addition, the directors are covered by an insurance policy.

**Directors' statement as to disclosure of information to the Auditor**

Each of the persons, who is a director at the date of approval of this report, confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

**Foreign exchange**

The following foreign exchange rates have been used in the preparation of these financial statements:

	2023		2022	
	Average Rate	Year-end Rate	Average Rate	Year-end Rate
GBP / USD	1.2438	1.2731	1.2372	1.2099
EUR / USD	1.0816	1.1037	1.0538	1.0704

**Going concern**

After reviewing the Company's annual budget; liquidity requirements; plans and financial arrangements as well as current macroeconomic events, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and for at least 12 months from the date of signing of the balance sheet and confirm that the Company is a going concern. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

**Charitable and political contributions**

The total charitable donations were \$nil during the year ended 31 December 2023 (2022: \$nil). No contributions were made for political purposes during the year.

**Events after the reporting period**

There were no post balance sheet events.

**Overseas branches**

The Company has branches, as defined in s1046 (3) of the Companies Act 2006, in Canada and the USA.

**Dividends**

The Company did not pay a dividend during the year (2022: \$nil). No dividends were proposed after the year end.

**Financial risk management**

Financial risk management objectives are included in the Strategic Report.

**Future developments**

The directors consider that the year-end financial position of the Company was satisfactory. No significant change to the Company's principal business activities is currently expected; however, the Company anticipates reaping the benefits of steps taken to seek further market share and the strengthening of the Company's global footprint.

**Engagement with Employees**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Group website. Further statements regarding actions taken by the Company during the financial year are set out in the Strategic Report.

**Disabled Persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

**Suppliers, customers and others**

In accordance with the Reporting on Payment Practices and Performance Regulations 2017, the Company submits biannual reports on payment practices and performance to the Department for Business, Energy and Industrial Strategy. The average time taken to make payments from the Company under qualifying contracts was 21 days (2022: 22 days). Relationships with suppliers, customers and others are not managed at company level, as the directors of the Company's immediate parent manage the operations of Marex on a group wide basis. Further statements regarding how the Group's relationships with suppliers, customers and others are managed, are contained in the Marex Group plc Annual Report (which does not form part of this report and is available on the Group's website).

**Streamlined Energy Carbon Reporting ('SECR')**

Greenhouse gas emission estimates are produced for the Group as a whole and are contained in the Annual Report of the Company's parent, Marex Group plc.

**Corporate governance arrangements**

For the year ended 31 December 2023, in accordance with the guidance provided in the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'), the application of such principles is set out in Marex Group plc's Annual Report, covering the governance procedures of the Group as a whole, including the Company.

**Climate**

Climate-related risks and their significance are considered in the ICARA stress testing and scenario analysis that we perform at least annually for the evaluation of our risk profile in terms of capital and liquidity needs.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and 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 accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS's) as issued by the International Accounting Standards Board ('IASB'). In accordance with 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, International Accounting Standard ('IAS') 1 requires directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditor**

The auditor, Deloitte LLP, has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor pursuant to sections 485 – 488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



N G W Grace  
Director  
28 March 2024

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Marex Spectron International Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the income statement;
- the statement of financial position;
- the statement of the changes in equity and movements in reserves;
- the cash flow statement; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

**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.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's obligations as a regulated company by the Financial Conduct Authority (the 'FCA').

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA and His Majesty's Revenue and Customs ('HMRC').

**Report on other legal and regulatory requirements**

**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.

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.

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

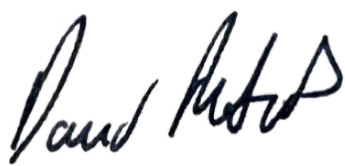
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



David Roberts, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
28 March 2024

**Marex Spectron International Limited****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Notes</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Net commission income</b>	5	<b>161,518</b>	<b>107,242</b>
Expenses:			
Compensation and benefits		(4,762)	(5,814)
Depreciation and amortisation		(34)	(30)
Other expenses	6	(137,636)	(100,055)
<b>Operating Profit</b>		<b>19,086</b>	<b>1,343</b>
Interest income	9	1	9
Interest expense	9	(8)	(1)
<b>Profit before taxation</b>		<b>19,079</b>	<b>1,351</b>
Tax	10(a)	(4,189)	(295)
<b>Profit for the year and total comprehensive income</b>		<b>14,890</b>	<b>1,056</b>

All operations are continuing for the current and prior years.

The notes on pages 25 to 55 form part of these financial statements.

**Marex Spectron International Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

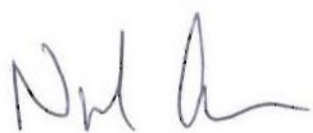
	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, software and equipment	12	—	3
Deferred tax	14	21	4
Right-of-use assets	18	88	128
<b>Total non-current assets</b>		<b>109</b>	<b>135</b>
<b>Current assets</b>			
Trade and other receivables	13	23,599	20,620
Corporation tax		—	71
Cash and cash equivalents		30,397	9,157
<b>Total current assets</b>		<b>53,996</b>	<b>29,848</b>
<b>Total assets</b>		<b>54,105</b>	<b>29,983</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	12,442	2,739
Corporation tax		231	504
Lease liability	18	39	33
<b>Total current liabilities</b>		<b>12,712</b>	<b>3,276</b>
Lease liability	18	55	91
<b>Total non-current liabilities</b>		<b>55</b>	<b>91</b>
<b>Total liabilities</b>		<b>12,767</b>	<b>3,367</b>
<b>Total net assets</b>		<b>41,338</b>	<b>26,616</b>

The notes on pages 25 to 55 form part of these financial statements.

**Marex Spectron International Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 (CONTINUED)**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Equity</b>			
Share capital	16	16	16
Share premium		165	165
Retained earnings	17	41,157	26,435
<b>Total equity</b>		<b>41,338</b>	<b>26,616</b>

The financial statements on pages 20 to 55 were approved and authorised for issue by the Board of Directors on 28 March 2024 and signed on its behalf by:



N G W Grace  
Director  
28 March 2024  
Registration Number: 03938219

The notes on pages 25 to 55 form part of these financial statements.

**STATEMENT OF THE CHANGES IN EQUITY AND MOVEMENTS IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2022		16	165	25,379	25,560
Profit for the year and total comprehensive income		—	—	1,056	1,056
<b>At 31 December 2022 and 1 January 2023</b>		<b>16</b>	<b>165</b>	<b>26,435</b>	<b>26,616</b>
Other movements		—	—	(168)	(168)
Profit for the year and total comprehensive income		—	—	14,890	14,890
<b>At 31 December 2023</b>		<b>16</b>	<b>165</b>	<b>41,157</b>	<b>41,338</b>

The notes on pages 25 to 55 form part of these financial statements.

**Marex Spectron International Limited**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Notes</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Profit before tax		19,079	1,351
<b>Adjustment to reconcile profit before tax to net cash flows:</b>			
Depreciation of property, software and equipment	12	3	2
Depreciation of right-of-use asset	18	34	28
Decrease in impairment	13(b)	(220)	(20)
Interest expense on lease liabilities	18	6	5
Interest expense	9	8	1
Other movements		(165)	—
Lease foreign exchange revaluation	18	(2)	(10)
<b>Operating cash flows before changes in working capital</b>		<b>18,743</b>	<b>1,357</b>
<b>Working capital adjustments:</b>			
(Increase) / decrease in trade and other receivables		(2,759)	4,598
Increase in trade and other payables		9,703	144
Payment of lease liabilities	18	(40)	(23)
<b>Cash inflow from operating activities</b>		<b>25,647</b>	<b>6,076</b>
Corporation tax (paid) / refunded		(4,408)	117
<b>Net cash inflow from operating activities</b>		<b>21,239</b>	<b>6,193</b>
<b>Investing activities</b>			
Interest received		1	9
<b>Net cash inflow from investing activities</b>		<b>1</b>	<b>9</b>
<b>Net increase in cash and cash equivalents</b>		<b>21,240</b>	<b>6,202</b>
<b>Cash and cash equivalents</b>			
Cash available on demand and short-term deposits at 1 January		9,157	2,955
Increase in cash		21,240	6,202
<b>Cash and cash equivalents at 31 December</b>		<b>30,397</b>	<b>9,157</b>

The notes on pages 25 to 55 form part of these financial statements.

**Marex Spectron International Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 GENERAL INFORMATION**

Marex Spectron International Limited (the 'Company') is a company incorporated in England and Wales under the Companies Act. The address of the registered office is 155 Bishopsgate, London, EC2M 3TQ. The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report.

The financial statements are presented in US Dollars ('USD') which is also the currency of the primary economic environment in which the Company operates.

**2 ADOPTION OF NEW AND REVISED STANDARDS**

**(a) New and amended IFRS Accounting Standards that are effective for the current year**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Company's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The definition of change in accounting estimates was deleted.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2t

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. The accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can be reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

**2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**(a) New and amended IFRS Accounting Standards that are effective for the current year (continued)**

Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The Company has adopted the amendments to IAS 12 Income Tax for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would either recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expenses (income) related to Pillar Two income taxes (see note 10).

**(b) New and revised IFRSs in issue, but not yet effective**

At the date of authorisation of these financial statements, the Company has not applied the following revised IFRS Accounting Standards that have been issued and adopted by the IFRS UK Endorsement Board but are not yet effective in the UK.

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 Leases, the amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that are not dependent on an index or rate.

As part of the amendments, the IASB amended an illustrative example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

**2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)**

**(b) New and revised IFRSs in issue, but not yet effective (continued)**

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (continued)

The Directors anticipate that the application of these amendments may have an impact on the Company’s financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

The amendments to IAS 1 issued in August 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments to IAS 1 early.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

**(b) Going concern**

The Directors have assessed the going concern assumptions during the preparation of the Company's financial statements. The Company believes that no events or conditions, including those related to recent macroeconomic events give rise to doubt about the ability of the Company to continue operating for a period of at least 12 months from the date of signing the financial statements. This conclusion is drawn based on the knowledge of the Company, the estimated economic outlook and identified risks, which has been modelled to be included within several stress tests performed by the Group. The results of the stress test highlighted that the Group and the Company had sufficient liquidity and capital to satisfy its regulatory requirements. As funding is managed on a Group basis the directors considered the Group stress tests in determining their assessment for the Company.

Thus, the Company continues to adopt the going concern basis of accounting in preparing these financial statements.

**(c) Revenue recognition**

The Company's revenue consists of:

Net commission and fee income

The Company is responsible for executing and clearing the customers' purchases and sales as such it acts as principal and commission income is recognised on a gross basis.

Commissions charged to customers on exchange traded derivatives and over the counter traded derivatives are recognised at a point in time on the trade date when a client order is cleared or executed (i.e. when performance obligation is satisfied). Commissions charged to customers on traded securities are sale-based commissions that are recognised at a point in time on the trade date. Sales based commissions are typically a fixed fee per security transaction and in certain instances, are based on a percentage of the transaction value. Commission charged to customers on clearing transactions recoup clearing fees and other fee expenses incurred. Clearing fees earned represent the recharge of transaction-based fees charged by the various exchanges and clearing organisations at which the Company or one of its clearing brokers is a member for the purpose of executing and/or clearing trades through them. Clearing fees incurred are generally passed through to clients' accounts and are reported gross as the Company maintains control over the clearing and execution services provided, maintains relationships with the exchanges or clearing brokers, and has ultimate discretion in whether the fees incurred are passed through to the clients and the rates at which they are passed through. As clearing fees charged are transactional based, they are recognised at a point in time on the trade date along with the related commission income when the client order is cleared or executed.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Revenue recognition (continued)**

In connection with the execution and clearing of trades, the Company is required to pay fees to the executing brokers, exchanges, clearing organisations and banks. These fees are based on transaction volumes and recognised as commission and fee expense on the trade date. The Company also pays commissions to third party introducing brokers (individuals or organisations) that maintain relationships with clients and introduce them to the Company. Introducing brokers accept orders from clients whilst the Company provides the accounts, transaction, margining and reporting services, including money and securities from clients. Introducing brokers commissions are determined monthly and presented in commissions and fee expense in the income statement and settled quarterly. Commission and fee expenses are generally passed through to client's accounts. No other costs, related to the generation of commission income, are included within commission and fee expense.

Net interest income

Interest income is earned on balances held at exchanges, clearing houses, banks and brokers, and on overdrawn client balances. Interest income is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset (before adjusting for expected credit losses) or to the amortised cost of the financial liability.

Interest expenses are paid on overdrawn accounts with brokers and exchanges, client and counterparty balances and short-term borrowings.. Interest expense is calculated using the effective interest rate method

**(d) Foreign currency translation**

The financial statements are presented in US Dollars ('USD'), which is also the currency of the primary economic environment (the functional currency) and the presentational currency of the Company.

Transactions entered into by the Company in a currency other than USD are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of monetary assets and liabilities are similarly recognised immediately in the Income Statement.

**(e) Employee benefits**

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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

Retirement benefits: defined contribution schemes

The Company operates defined contribution pension schemes. Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

**(f) Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Taxation (continued)**

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**(g) Property, software and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses.

As well as the purchase price, cost includes the directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Property, software and equipment (continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over the remaining length of the lease or 20% per annum straight-line, where appropriate
Computer equipment	20% to 50% per annum straight-line
Furniture, fixtures and fittings	20% to 50% per annum straight-line
Software	20% to 50% per annum straight line

Useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

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

**(h) Impairment of non-financial assets**

Impairment tests on goodwill and other intangible assets with indefinite useful lives (trademarks) are undertaken annually and whenever there is an indicator of impairment. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separately identifiable cash flows). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation can be identified.

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

Where the carrying value of an asset exceeds its recoverable amount an impairment loss is recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(i) Financial instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Financial instruments (continued)**

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet both of the following conditions and have not been designated as at fair value through profit and loss ('FVTPL') are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet both of the following conditions and have not been designated as at FVTPL are measured at fair value through other comprehensive income ('FVTOCI'):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Company may make the following irrevocable election and/or designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The following accounting policies apply to the subsequent measurement of financial assets.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the contrary, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the EIR method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the EIR rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired interest income is recognised by applying the EIR to the amortised cost of the financial asset

**3 SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**(i) Financial instruments (continued)**

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL are updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. ECL are a probability-weighted estimate of credit losses based on both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and forward-looking expectation.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Simplified approach

The Company adopts a simplified approach for trade debtors whereby allowances are always equal to lifetime ECL. The ECL on trade debtors are estimated using a provision matrix by reference to historical credit losses experience adjusted for current and expected future economic conditions. When a trade debtor balance is more than 180 days past due, the Company further performs a qualitative review of the debtor analysing factors such as the debtor's current financial position, past due days, cash collection history and internal credit ratings to determine whether the Company has reasonable and supportable information to apply a higher credit loss rate adjusted by forward-looking information

Significant increases in credit risk (continued)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; and
- significant deterioration in external market indicators of credit risk for a particular financial instrument.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk, based on all of the following: (1) the financial instrument has a low risk of default in accordance with either internal or external credit ratings; (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the long term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that each criterion is capable of identifying a significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

**3 SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**(i) Financial instruments (continued)**

Definition of default (continued)

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group) or partially.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

Measurement and recognition of expected credit losses

At the reporting date, an allowance is required for the 12 month (Stage 1) expected credit losses ('ECL'). If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments; and
- external credit ratings where available.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Financial instruments (continued)**

Measurement and recognition of expected credit losses (continued)

The Company recognises an impairment gain or loss in profit and loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment for credit losses related to trade and other receivables, including settlement balances and deposits paid for securities borrowed are presented on the face of the income statement.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated at FVTPL.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Financial instruments (continued)**

Financial liabilities (continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the income statement to the extent that they are not part of a designated hedging relationship. The interest expense on structured notes designated at FVTPL is recognised in interest expense based on the implied variable market interest rate.

In respect of financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the income statement. The remaining amount of change in the fair value of the liability is recognised in the income statement. Changes in the fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to the income statement. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated at FVTPL, are measured subsequently at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in the income statement as the modification gain or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, or to realise the assets and liabilities simultaneously.

**(j) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand, and short-term deposits.

**(k) Current versus non-current classification**

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; and
- expected to be realised within 12 months after the reporting period

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Current versus non-current classification**

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading; and
- it is due to be settled within 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(m) Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (assets including, but not limited to, tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property, software and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit and loss.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Leases (continued)**

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

There are no significant accounting estimates and judgments made in the preparation of these accounts.

**5 REVENUE**

Revenues within the scope of IFRS 15 are presented as net commission income in the income statement.

Revenues that are not within the scope of IFRS 15 are presented within net interest income in the income statement.

The below disaggregation shows the revenue by each of the three business segments. The substantial majority of the Company's performance obligations for revenues from contracts with clients are satisfied at a point in time. Revenue recognised over time is not material.

	<b>Clearing</b>	<b>Agency and Execution</b>	<b>Solutions</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2023</b>				
Commission and fee income	—	161,088	627	161,715
Commission and fee expense	—	(197)	—	(197)
<b>Net commission income</b>	<b>—</b>	<b>160,891</b>	<b>627</b>	<b>161,518</b>
	<b>Clearing</b>	<b>Agency and Execution</b>	<b>Solutions</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2022</b>				
Commission and fee income	5	105,857	1,499	107,361
Commission and fee expense	—	(119)	—	(119)
<b>Net commission income</b>	<b>5</b>	<b>105,738</b>	<b>1,499</b>	<b>107,242</b>

Contract assets

There were no assets that meet the definition of a contract asset as at 31 December 2023 (2022: \$nil).

**6 OTHER EXPENSES**

	Notes	2023 \$'000	2022 \$'000
Professional fees		1,068	1,846
Non-trading technology and support		27	41
Trading systems and market data		486	309
Occupancy and rental equipment		181	385
Travel and business development		366	241
Communications		83	52
Allocated compensation		102,976	67,527
Allocated other direct expenses		32,116	28,227
Other		333	1,427
		<b>137,636</b>	<b>100,055</b>

**7 AUDITOR'S REMUNERATION**

The analysis of the auditor's remuneration is as follows:

	2023 \$'000	2022 \$'000
<b>Fees payable to the Company's auditor for the audit of the Company's annual accounts:</b>		
Audit of the Company's annual accounts	318	222
<b>Total audit fees</b>	<b>318</b>	<b>222</b>
	2023 \$'000	2022 \$'000
<b>Fees payable to the Company's auditor for other services comprise:</b>		
Assurance services	64	20
<b>Total non-audit fee</b>	<b>64</b>	<b>20</b>

Audit fees for the Company for the year ended 31 December 2023 and the prior year were paid by a Group undertaking.

**8 STAFF COSTS**

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Front office	8	11
Control & support	1	2
<b>Average monthly number of staff</b>	<b>9</b>	<b>13</b>

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Aggregate wages and salaries	4,678	5,539
Employer's national insurance contributions and similar taxes	22	123
Short-term monetary benefits	51	100
Defined contribution pension cost	9	52
<b>Total staff costs</b>	<b>4,760</b>	<b>5,814</b>

**9 INTEREST INCOME AND EXPENSE**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance income</b>		
Bank interest income	1	13
	<b>1</b>	<b>9</b>

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance expense</b>		
Bank interest expense	(2)	4
Lease interest expense	(6)	(5)
	<b>(8)</b>	<b>(1)</b>

**10 TAXATION****(a) Tax charge**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax</b>		
UK corporation tax on profit for the year	4,491	289
Foreign corporation tax on profit for the year	106	—
<b>Adjustment in respect of prior years</b>		
UK corporation tax	(390)	3
Foreign corporation tax	(1)	(18)
	<b>4,206</b>	<b>274</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	6	4
Adjustment in respect of prior years – other	(23)	17
	<b>(17)</b>	<b>21</b>
<b>Tax charge for the year</b>	<b>4,189</b>	<b>295</b>

**(b) Reconciliation between tax charge and profit before tax**

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%). Taxation for non-UK jurisdictions is calculated at the prevailing rate. No country has implemented any corporate tax rate increases that have impacted the non-UK tax charge reported in 2023. The headline rate of UK corporation taxation increased from 19% to 25% on 1 April 2023 which results in a blended rate of 23.50% effective for the year and 25% for future periods.

The Company's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in the jurisdictions in which the Company operates. In December 2021, the OECD released the Pillar Two model rules, also referred to as the 'Global Anti-Base Erosion' or 'GLOBE' rules. The Pillar Two rules are now included within Finance Act (no. 2) 2023 and will come into effect for accounting periods beginning on or after 31 December 2023. The Company is expected to meet the criteria to be subject to these rules. At this time and as currently drafted, it is not expected that the rules will have a material impact on the Company.

**10 TAXATION****(b) Reconciliation between tax charge and profit before tax (continued)**

Taxation for other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit before tax</b>	<b>19,079</b>	<b>1,351</b>
Expected tax expense based on the standard rate of corporation tax in the UK of 23.50% (2021: 19.00%)	4,484	257
<b>Difference explained by:</b>		
Expenses not deductible for tax purposes	89	42
Prior year adjustments	(414)	2
Tax rate change	—	(6)
Effect of overseas tax rates	30	—
<b>Tax charge for the year</b>	<b>4,189</b>	<b>295</b>

**11 DIVIDENDS PAID AND PROPOSED**

The Company did not propose or pay any dividend during the year (2022: \$nil). No further dividends are currently proposed.

## 12 PROPERTY AND EQUIPMENT

	Leasehold improve- ments \$'000	Computer equipment \$'000	Furniture, fixtures and fittings \$'000	Total \$'000
<b>Cost</b>				
<b>At 1 January 2022, 1 January 2023 and 31 December 2023</b>	<b>31</b>	<b>272</b>	<b>15</b>	<b>318</b>
<b>Depreciation</b>				
At 1 January 2022	31	272	10	313
Charge for the year	—	—	2	2
<b>At 1 January 2023</b>	<b>31</b>	<b>272</b>	<b>12</b>	<b>315</b>
Charge for the year	—	—	3	3
<b>At 31 December 2023</b>	<b>31</b>	<b>272</b>	<b>15</b>	<b>318</b>
<b>Net book value</b>				
<b>At 31 December 2023</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
At 31 December 2022	—	—	3	3

**13 TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade debtors	23,453	18,688
Amounts due from group undertakings	—	1,843
Other tax and social security taxes	—	5
Other debtors	59	21
Prepayments	87	63
	<b>23,599</b>	<b>20,620</b>

Trade debtors are stated after deducting impairment provisions of \$22,001 (2022: \$71,407).

Trade receivables are assessed on an individual basis for impairment, with a provision recognised for the Company's entire exposure on the impaired trade receivable. The provision is inclusive of specific provisions and amounts recognised under expected credit losses. The directors consider that the carrying amount of trade and other receivables is not materially different to their fair value.

**(a) Ageing of past due, but not impaired, trade debtors**

The provision matrix for our trade debtors is as follows.

<b>31 December 2023</b>	<b>Current</b>	<b>Less than 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 120 days</b>	<b>More than 120 days</b>	<b>Total</b>
Expected credit loss rate	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	
Trade debtors	10,603	4,257	1,889	1,132	1,553	4,041	23,475
Trade debtors lifetime ECL	10	4	2	1	1	4	22
<b>31 December 2022</b>	<b>Current</b>	<b>Less than 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 120 days</b>	<b>More than 120 days</b>	<b>Total</b>
Expected credit loss rate	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	
Trade debtors	6,564	3,489	1,906	1,182	1,137	4,632	18,910
Trade debtors lifetime ECL	77	41	22	14	13	54	222

## 13 TRADE AND OTHER RECEIVABLES (CONTINUED)

## (b) Reconciliation of the movement in impairment allowance

		<b>2023</b>			
		<b>Impairment allowance</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
At 1 January 2023	165	—	57	222	
(Credited) / charged to the Income Statement	(143)	—	(57)	(200)	
<b>At 31 December 2023</b>	<b>22</b>	<b>—</b>	<b>—</b>	<b>22</b>	

		<b>2022</b>			
		<b>Impairment allowance</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
At 1 January 2022	—	—	77	77	
Charged / (credited) to the Income Statement	165	—	(20)	145	
<b>At 31 December 2022</b>	<b>165</b>	<b>—</b>	<b>57</b>	<b>222</b>	

**14 DEFERRED TAX**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation in excess of capital allowances	21	4
<b>31 December</b>	<b>21</b>	<b>4</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	4	25
Charged / (credited) to the Income Statement	17	(21)
<b>31 December</b>	<b>21</b>	<b>4</b>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

Deferred tax balances have been measured using the tax rates that are expected to apply when the asset is realised or the liability is settled based upon the tax rates that have been enacted or substantially enacted by the balance sheet date. The Finance Act 2021, enacted on 10 June 2021, increases the headline rate of UK corporation tax from 19% to 25% from 1 April 2023. UK deferred tax assets and liabilities have been recognised at 25% where they are expected to unwind after 1 April 2023. Non-UK deferred tax assets and liabilities are recognised at the relevant jurisdiction's prevailing tax rate to the extent the Company expects to receive future benefit from them.

**15 TRADE AND OTHER PAYABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Other tax and social security taxes	96	65
Other creditors	251	309
Accruals	1,333	2,348
Amount due to group undertakings	10,762	—
Deferred income	—	17
	<b>12,442</b>	<b>2,739</b>

The directors consider that the carrying amount of trade and other payables is not materially different to its fair value.

## 16 SHARE CAPITAL

	Issued and fully paid		Issued and fully paid	
	2023	2023	2022	2022
	Number	\$'000	Number	\$'000
Ordinary shares of \$1.65 each	960,000	16	960,000	16
	<b>960,000</b>	<b>16</b>	<b>960,000</b>	<b>16</b>

The rights of the shares are as follows:

Class of share	Rights
Ordinary shares	Full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

## 17 RESERVES

The following describes the nature and purpose of each reserve within total equity:

Reserves	Description
Retained earnings	Cumulative net gains and losses recognised in the Income Statement.

**18 LEASES**

The Company has entered into commercial leases on its properties.

The lessee has the option of renewal on each of these leases subject to negotiation between the Company, as lessee, and each landlord in the period preceding the expiration of each lease. There were no restrictions placed upon the lessee by entering into these leases.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Right of use assets:</b>		
<b>As at 1 January</b>	128	88
Extension of current lease	—	65
Depreciation charged to Income Statement	(34)	(28)
Adjustment	—	(3)
Foreign currency revaluation	(6)	6
<b>31 December</b>	<b>88</b>	<b>128</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease liabilities:</b>		
<b>As at 1 January</b>	124	91
Extension of current lease	—	65
Interest expense charged to Income Statement	6	5
Payment of lease liabilities	(40)	(23)
Adjustment	—	(4)
Foreign currency revaluation	4	(10)
<b>At 31 December</b>	<b>94</b>	<b>124</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease Liability - Current / non-current analysis</b>		
Current liability	39	33
Non-current liability	55	91
<b>At 31 December</b>	<b>94</b>	<b>124</b>

**18 LEASES (CONTINUED)**

Charges in Profit and Loss include service charges, utilities, property insurance and maintenance amounting to \$61,870 during the year (2022: \$66,077).

Operating lease expenses for short term leases amounted to \$3,601 (2022: \$11,409) and were recognised in operating expenses.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position is 4.94% (2022: 4.68%).

The maturities of the undiscounted lease liabilities as at 31 December are as follows

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
1 year	42	41
1 to 5 years	57	94
	99	135
Less: future lease expense	(5)	(11)
<b>31 December</b>	<b>94</b>	<b>124</b>

**19 FINANCIAL INSTRUMENTS****(a) Capital risk management**

For the purpose of the Company's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Company as disclosed in notes 16 and 17. The primary objective of the Company's capital management is to maximise shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

As at 31 December 2023 and 31 December 2022 the Company had capital resources in excess of the external requisite minimum requirements. These requirements are driven by the regulations under the Investment Firms Prudential Regime ('IFPR') to ensure the Company has an adequate capital base to support the nature and scale of its operations. Management of regulatory capital forms an important part of the Company's risk governance structure. A robust programme of regular monitoring and review takes place to ensure the Company is in adherence with local rules and has capital in excess of external and internal limits. Regular submissions are made and constantly maintained with internal limits assessed against the Company's risk appetite, as determined by the Board.

**(b) Categories of financial instruments**

Set out below is an analysis of the Company categories of financial assets as at 31 December.

	<b>2023</b>	<b>2022</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>		
Cash and cash equivalents	30,397	9,157
Trade debtors	23,453	18,688
Amounts due from group undertakings	—	1,843
Other debtors	59	7
<b>31 December</b>	<b>53,909</b>	<b>29,695</b>

Set out below is an analysis of the Company's categories of financial liabilities as at 31 December.

	<b>2023</b>	<b>2022</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities:</b>		
Other creditors	251	309
Accruals	1,333	2,348
Amounts due to group undertakings	10,762	—
Lease liability	94	124
<b>31 December</b>	<b>12,440</b>	<b>2,781</b>

**19 FINANCIAL INSTRUMENTS (CONTINUED)****(c) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangement or similar netting agreements.

**(d) Financial risk management objectives**

The Company's activities expose it to a number of financial risks including market risk, credit risk and liquidity risk.

The Company manages these risks through various control mechanisms and its approach to risk management is both prudent and evolving.

Overall responsibility for risk management rests with the Board. Dedicated resources within the Risk Department control and manage the exposures of the Company's own positions, the positions of its clients and its exposures to its counterparties as well as operational exposures, within the risk appetite set by the Board.

Credit risk

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. Credit risk in the Company principally arises from cash and cash equivalents deposited with third party institutions and exposures resulting from transactions and balances relating to customers and counterparties.

The Company's exposure to customer and counterparty transactions and balances is managed through the Company's credit policies and, where appropriate, the use of initial and variation margin credit limits in conjunction with overall position limits for all customers and counterparties. These exposures are monitored both intraday and overnight. The limits are set by the Group's Executive Credit and Risk Committee through a formalised process.

Credit quality

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
AA and above	72	648
AA-	1,295	1,741
A+	32,800	812
A	2,244	571
A-	3,809	7,344
BBB+	3,156	689
Lower and unrated	10,533	17,890
	<b>53,909</b>	<b>29,695</b>

Foreign currency risk

The Company's major transactional exposures are in Canadian Dollars and Euros. In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Foreign currency exposures were managed centrally by another Group entity. Consequently, all foreign currency exposure for the Company is incurred by that affiliate. As the foreign currency balances are immaterial any and all sensitivity analysis is considered immaterial.

**19 FINANCIAL INSTRUMENTS (CONTINUED)**

**(d) Financial risk management objectives (continued)**

Interest rate risk

The Company is exposed to interest rate risk on cash balances it holds.

The Company's view is that the main interest rate risk is derived from interest bearing deposits, in which the Company invests surplus funds. Management monitors interest rate risk by placing funds in overnight deposits, and for longer period deposits, management conducts market analysis for interest rate expectations before placing amounts. Interest bearing deposits were immaterial and therefore the sensitivity analysis for interest rate risk is considered immaterial.

Operational risk

Operational risk is the risk of loss arising through failures associated with personnel, processes or systems, or from external events. It is inherent in every business organisation and covers a wide spectrum of issues. Operational risk is managed through systems and procedures in which processes are documented, authorisation is independent, and transactions are monitored and reconciled. Treasury systems and other systems were updated during 2021 to fully manage the transition to alternative benchmark rates though there is a risk that not all systems were identified and updated. To mitigate this the Company has plans in place for alternate manual procedures with relevant controls to address any issues that arise.

The Company maintains disaster recovery or contingency facilities to support operations and ensure business continuity. The invocation of these facilities is regularly tested.

Compliance or Regulatory risk arises from a failure or inability to comply with the laws, regulations or codes applicable specifically to the Company. Non-compliance can lead to fines, public reprimands, enforced suspensions of services, or in extreme cases, withdrawal of authorisation to operate.

The Company is regulated in the UK by the FCA as an exempt commodity firm and in the US by the National Futures Association ('NFA') on behalf of Commodity Futures Trading Commission ('CFTC') as an introducing broker.

Geographical risk arises from the physical separation of some elements of the Company from the central control locations. Internal control failure is the risk arising from the inadequacy or breakdown of critical internal control processes.

## 19 FINANCIAL INSTRUMENTS (CONTINUED)

## (d) Financial risk management objectives (continued)

Liquidity risk

The Company defines liquidity risk as the failure to meet its day-to-day capital and cash flow requirements. To mitigate liquidity risk, the Company has implemented robust cash management policies and procedures in relation to products and duration into which excess liquidity can be invested. Excess liquidity is invested in highly liquid instruments, such as cash deposits with financial institutions for a period of less than three months.

The following table details the Company's expected undiscounted contractual maturity for financial liabilities.

	<b>On demand</b>	<b>Less than 3</b>	<b>3 to 12</b>	<b>1 to 5</b>	<b>Total</b>
	<b>\$'000</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other creditors	251	—	—	—	251
Accruals	—	1,333	—	—	1,333
Amounts due to group undertaking	10,762	—	—	—	10,762
Lease liability	—	10	33	51	94
<b>At 31 December 2023</b>	<b>11,013</b>	<b>1,343</b>	<b>33</b>	<b>51</b>	<b>12,440</b>

	<b>On demand</b>	<b>Less than 3</b>	<b>3 to 12</b>	<b>1 to 5</b>	<b>Total</b>
	<b>\$'000</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other creditors	309	—	—	—	309
Accruals	54	2,201	93	—	2,348
Lease liability	—	9	31	84	124
<b>At 31 December 2022</b>	<b>363</b>	<b>2,210</b>	<b>124</b>	<b>84</b>	<b>2,781</b>

Shown below is the Company's expected undiscounted contractual maturity for financial assets:

	<b>On demand</b>	<b>Less than 3</b>	<b>3 to 12</b>	<b>1 to 5</b>	<b>Total</b>
	<b>\$'000</b>	<b>months</b>	<b>months</b>	<b>years</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	30,397	—	—	—	30,397
Trade debtors	—	23,453	—	—	23,453
Other debtors	—	—	59	—	59
<b>At 31 December 2023</b>	<b>30,397</b>	<b>23,453</b>	<b>59</b>	<b>—</b>	<b>53,909</b>

**19 FINANCIAL INSTRUMENTS (CONTINUED)****(d) Financial risk management objectives (continued)**Liquidity risk (continued)

	<b>On demand \$'000</b>	<b>Less than 3 months \$'000</b>	<b>3 to 12 months \$'000</b>	<b>1 to 5 years \$'000</b>	<b>Total \$'000</b>
Cash and cash equivalents	9,157	—	—	—	9,157
Trade debtors	74	18,614	—	—	18,688
Amounts due from group undertaking	1,843	—	—	—	1,843
Other debtors	—	—	7	—	7
<b>At 31 December 2022</b>	<b>11,074</b>	<b>18,614</b>	<b>7</b>	<b>—</b>	<b>29,695</b>

Both assets and liabilities are included to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

**20 EVENTS AFTER THE BALANCE SHEET DATE**

There were no post balance sheet date events which would have a material effect on these financial statements.

**21 RELATED PARTY TRANSACTIONS****(a) Parent and ultimate controlling party**

The immediate parent undertaking is Marex Group plc, a public limited company incorporated in England and Wales, in whose consolidated financial statements the Company is included. These financial statements are available from its registered office at 155 Bishopsgate, London, EC2M 3TQ. Marex Group plc is both the largest and smallest group in which the results of the Company are consolidated.

In the directors' opinion, the ultimate controlling party of the Company is Amphitryon Limited, a company incorporated in Jersey, Channel Islands.

**(b) Key Management Personnel**

The remuneration paid to key management personnel for their services to the Company was as follows:

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Aggregate wages and salaries	3,496	2,699
Short-term monetary benefits	17	15
Defined contribution pension cost	7	—
	<b>3,520</b>	<b>2,714</b>

The remuneration of the highest paid director for their services to the Company was \$1,425,000 (2022: \$1,193,869). As at 31 December 2023, there were 3 directors in the Company's defined contribution pension scheme (2022: none).

## 21 RELATED PARTY TRANSACTIONS (CONTINUED)

## (c) Balances and transactions with other group undertakings

	Amounts owed from related parties 2023 \$'000	Amounts owed from related parties 2022 \$'000	Amounts owed to related parties 2023 \$'000	Amounts owed to related parties 2022 \$'000	Amounts included in operating profits 2023 \$'000	Amounts included in operating profits 2022 \$'000
Marex Financial	74,700	1,843	—	—	28,493	22,115
Marex Spectron Asia Pte Limited	563	—	—	—	12	61
Marex Group plc	—	—	(2,968)	—	450	153
Spectron Energy (Asia) Pte Limited	197	—	—	—	(175)	(241)
Spectron Services Limited	—	—	(137,494)	—	85,706	50,791
Marex North America LLC	—	—	—	—	5,372	6,444
Spectron Energy Inc.	—	—	(4,898)	—	21,798	22,287
Marex Spectron Europe Limited	63,429	—	—	—	(46,874)	(18,401)
CSC Commodities (UK) Limited	213	—	—	—	(21)	(189)
Starsupply Petroleum Europe BV	—	—	(33)	—	12	—
Marex France SAS	—	—	(16)	—	15	—
Tangent Trading Limited	—	—	(1)	—	—	20
Marex MENA Limited	—	—	(493)	—	487	—
Marex Australia Pty Ltd	—	—	(21)	—	21	—
Marex Hong Kong Limited	5	—	—	—	—	—
X-Change Financial Access LLC	1	—	—	—	—	—
Marex Trading International Limited	19	—	—	—	—	—
Global Metals Network Limited	2	—	—	—	(2)	—
HPC Investment Services Limited	—	—	(1)	—	—	—
Marex Fund S.A. SICAV-RAIF	10	—	—	—	—	—
Marex Capital Markets Inc	472	—	—	—	(36)	—
Marex Services Inc	—	—	(49)	—	—	—
Eagle Energy Brokers LLC	—	—	(2,915)	—	2,915	—
Volcap Trading Partners Ltd	—	—	(1,484)	—	548	935
	<b>139,611</b>	<b>1,843</b>	<b>(150,373)</b>	<b>—</b>	<b>98,721</b>	<b>83,975</b>

All balances owed to and from related parties listed above are repayable on demand. The Company has a netting arrangement with a fellow group company, Marex Financial, and has presented these balances net on the Statement of Financial Position.

Related party operating profits are based on costs and revenue. This includes management fees charged by Group undertakings related to operational and administrative support, management services received from Group undertakings and revenue allocated from Group undertakings.

# **Report on the Audit of the Financial Statements and Supplemental Schedule of Marex Spectron International Limited**

The Directors  
Marex Spectron International Limited  
155 Bishopsgate  
London  
EC2M 3TQ

## **Opinion**

We have audited the financial statements of Marex Spectron International Limited (the 'Company'), which comprise the statement of financial position as of December 31, 2023, the income statement, the statement of changes in equity and movements in reserves, the cash flow statement for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards as issued by the IASB ('UK IFRS').

## **Basis for Opinion**

We conducted our audits in accordance with International Standards on Auditing (ISAs) (UK). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with UK IFRS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with ISAs (UK), we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

# Report on the Audit of the Financial Statements and Supplemental Schedule of Marex Spectron International Limited (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Report on Supplemental Schedule

The supplemental schedules listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in compliance with Regulation 1.10 under the Commodity Exchange Act. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements, the supplemental schedule and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Deloitte LLP London,  
United Kingdom  
28 March 2024

**Supplemental Information Pursuant to CFTC Regulation 1.10(D)(2)**

The accompanying schedules are prepared in accordance with the requirements and general format of Form 1-FR-IB

# Schedule I – Statement of the Computation of the Minimum Capital Requirements

## 31 DECEMBER 2023 (U.S. Dollars in Thousands)

		2023	2023
<b>Net Capital</b>			
1	Current assets		45,187
2	Total liabilities	12,767	
3	Deduction from total liabilities	—	
	A Liabilities subject to satisfactory subordination agreements	—	
	B Certain deferred income tax liability (see regulation 1.17(c)(4)(iv))	—	
	C Certain current income tax liability (see regulation 1.17(c)(4)(v))	—	
	D Long term debt pursuant to regulation 1.17(c)(4)(vi)	(87)	
	E Total deductions	(87)	
	F Adjusted liabilities		12,680
4	<b>Net capital</b>		<b>32,507</b>
<b>Charges against Net Capital (see regulation 1.17(c)(5))</b>			
5	Charges against inventories held, fixed price commitments and advances against cash commodity contracts		—
6	Charges as specified in section 240.15c3-1(c)(2)(iv) against securities owned by firm		—
	Deduction from total liabilities		—
	A U.S. and Canadian government obligations		—
	B State and Municipal government obligations		—
	C Certificates of deposit, commercial paper and bankers' acceptances		—
	D Corporate obligations		—
	E Stocks and warrants		—
	F Other securities		—
	G Total charges		—
7	<b>Charges as specified in section 240.15c3-1(c)(2)(iv)(F)</b>		
	A Against securities purchased under agreements to resell		—
	B Against securities sold under agreements to repurchase		—
8	Charges on securities options as specified in section 240.15c3-1		—

**Schedule I - Statement of the Computation of the Minimum Capital Requirements (continued)**

**31 DECEMBER 2023**  
**(U.S. Dollars in Thousands)**

9	Charges against open commodity positions in the IB's account		—
	Uncovered exchange traded futures and granted options contracts		
A	percentage of margin requirements applicable to such contracts		—
	Ten percent (10%) of the market value of commodities which		
	underlie commodity options not traded on a contract market carried		
	long by the applicant or registrant which has value and such value		
	increased adjusted net capital (this charge is limited to the value		
B	attributed to such options)		—
	Commodity options which are traded on contract markets and		
	carried long in proprietary accounts. Charge is the same as would		
	be applied if applicant or registrant was the grantor of the options		
C	(this charge is limited to the value attributed to such options)		—
	Five percent (5%) of all unsecured receivables from unregistered		
10	futures commissions merchants or securities brokers or dealers		684
11	Deficiency in collateral for secured demand notes		—
12	Adjustment to eliminate benefits of consolidation		—
13	Total charges		<u>684</u>
<b>Net Capital Computation</b>			
14	Adjusted net capital		<u>31,823</u>
15	Net capital required		
	A Minimum Dollar Amount Requirement	45	
	B Other NFA Requirement	—	
16	Net capital required (Enter the greater of A or B from line15)	<u>45</u>	<u>(45)</u>
17	Excess net capital		<u><u>31,778</u></u>

**Schedule II - Reconciliation of the Statement of Financial Condition to  
the Statement of the Computation of the Minimum Capital Requirements**

**31 DECEMBER 2023**  
*(U.S. Dollars in Thousands)*

**Current assets**

Total assets reflected in the Statement of Financial Position	54,105
Subtotal	<u>54,105</u>
Less non-current assets included in total assets	
Due from subsidiaries and affiliates	—
Receivables from customers	(8,684)
Doubtful debts	22
Other debtors	(59)
Prepayments	(87)
Tax	(22)
Property, software and equipment, net	—
Right-of-use asset	(88)
Social security taxes	—
Other intangible assets	—
<b>Total current assets</b>	<u><u>45,187</u></u>
<b>Liabilities</b>	
Total liabilities reflected in the statement of financial position	12,767
<b>Total liabilities</b>	<u><u>12,767</u></u>

**Schedule III - Reconciliation of the Adjusted Net Capital, Current Assets and Liabilities  
as Reported in the Company's Form 1-FR in the Computation Herein**

**31 DECEMBER 2023**  
*(U.S. Dollars in Thousands)*

**Adjusted net capital**

Adjusted net capital (unaudited)	32,186
<b>Adjustment to</b>	
Cash	30
Tax liabilities	1,019
Accrued expenses	2
Due to subsidiaries and affiliates	(1,993)
Salaries, wages and bonus payable	583
Other payables (lease liability)	(2)
Right of use assets	(2)
<b>Adjusted net capital (audited)</b>	<u><u>31,823</u></u>

**Current assets**

Current assets (unaudited)	45,157
Adjustment to	
Cash	30
<b>Current assets (audited)</b>	<u><u>45,187</u></u>

**Liabilities**

Liabilities (unaudited)	12,377
<b>Adjustment to</b>	
Accrued expenses	(2)
Other payables (lease liability)	2
Tax payable	(1,019)
Salaries, wages and bonus payable	(583)
Due to subsidiaries and affiliates	1,993
<b>Liabilities (audited)</b>	<u><u>12,768</u></u>

Marex Spectron International Limited  
155 Bishopsgate  
London  
EC2M 3TQ

In planning and performing our audit of the statutory financial statements of Marex Spectron International Limited (the 'Company') as of and for the year ended 31 December 2023 (on which we issued our report dated 28 March 2024 and such report expressed an unmodified opinion on those financial statement), in accordance with International Standards of Auditing (UK), we considered the Company's internal control over financial reporting ('internal control') as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16, in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. Because the Company does not carry regulated commodity futures, foreign futures, or foreign options accounts for customers, nor does it perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations, and in making the daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the CFTC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance (1) that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and (2) that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the Company's financial reporting.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding certain regulated commodity firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the Commodity Exchange Act, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at 31 December 2023, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the CFTC, the National Futures Association, and other regulatory agencies that rely on Regulation 1.16 of the CFTC and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly slanted style.

Deloitte LLP  
London, United Kingdom  
28 March 2024