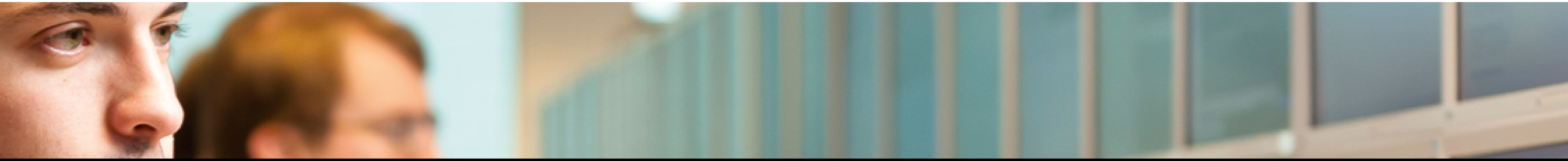

FLOW TRADERS

Annual Report 2015

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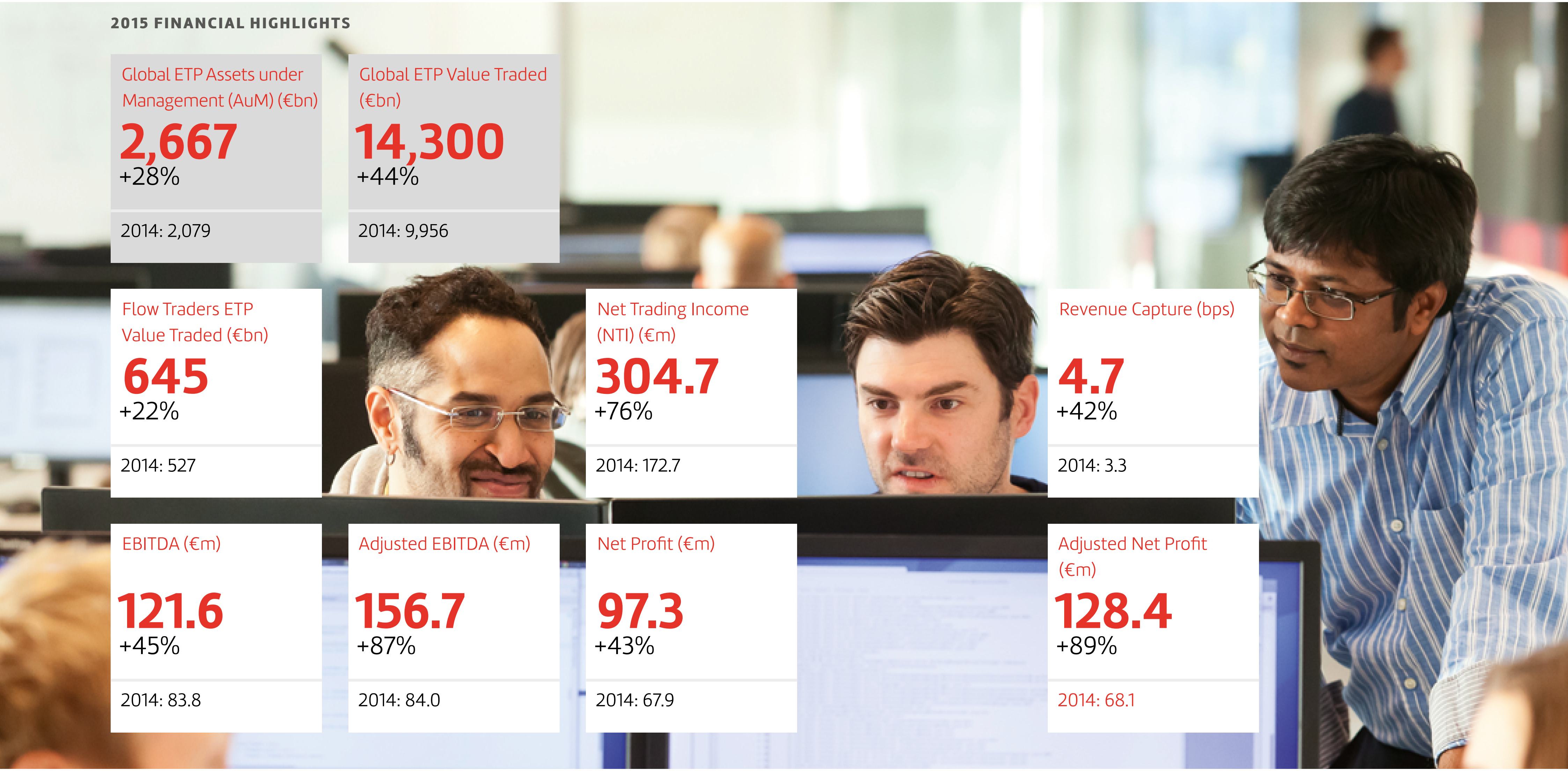


2015 FINANCIAL HIGHLIGHTS

Global ETP Assets under Management (AuM) (€bn)
2,667
+28%
2014: 2,079

Global ETP Value Traded (€bn)
14,300
+44%
2014: 9,956

Flow Traders ETP Value Traded (€bn)
645
+22%
2014: 527

Net Trading Income (NTI) (€m)
304.7
+76%
2014: 172.7

Revenue Capture (bps)
4.7
+42%
2014: 3.3

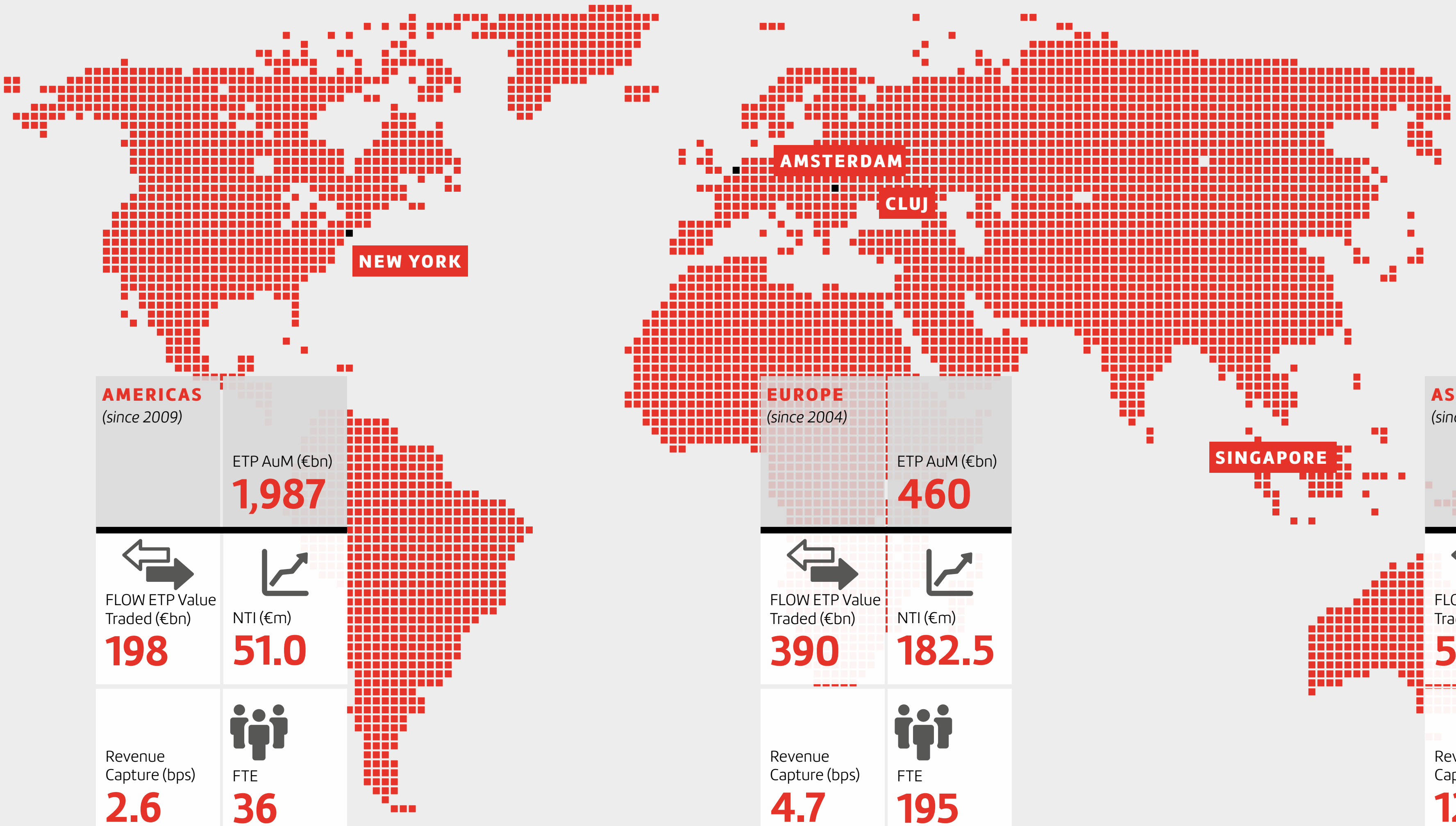
EBITDA (€m)
121.6
+45%
2014: 83.8

Adjusted EBITDA (€m)
156.7
+87%
2014: 84.0

Net Profit (€m)
97.3
+43%
2014: 67.9

Adjusted Net Profit (€m)
128.4
+89%
2014: 68.1

Flow Traders at a Glance



	AMERICAS (since 2009)	EUROPE (since 2004)	ASIA (since 2007)
ETP AuM (€bn)	1,987	460	219
FLOW ETP Value Traded (€bn)	198	390	58
NTI (€m)	51.0	182.5	71.2
Revenue Capture (bps)	2.6	4.7	12.3
FTE	36	195	37

Flow Traders at a Glance

2015 FINANCIAL OVERVIEW – UNAUDITED

In thousands of euro

		For the year ended	
	Adjusted 2015	2015	2014
Net Trading Income	**304,719**	**304,719**	**172,697**
Personnel expenses (fixed)	(21,457)	(21,457)	(17,949)
Personnel expenses (variable)	(87,920)	(121,136)	(43,055)
Technology expenses	(27,477)	(27,477)	(18,712)
Other expenses	(11,136)	(13,001)	(9,129)
Operating expenses	**(147,990)**	**(183,071)**	**(88,845)**
EBITDA	**156,729**	**121,648**	**83,852**
Depreciation of property and equipment	(6,307)	(6,307)	(4,331)
Amortization of intangible assets	(471)	(471)	(353)
Write off of (in)tangible assets	(457)	(457)	(714)
Operating result	**149,494**	**114,413**	**78,454**
Revaluation of equity-accounted investees	696	696	(115)
Profit before tax	**150,190**	**115,109**	**78,339**
Tax expense	(21,832)	(17,818)	(10,470)
Profit for the period	**128,358**	**97,291**	**67,869**
Net trading capital	338,770	338,770	204,312
Regulatory capital	268,000	268,000	180,500
Regulatory capital required	94,000	94,000	84,300
KPI			
EBITDA margin	51.4%	39.9%	48.6%
Number of outstanding shares[1]	46,534,500	46,534,500	n/a
Basic and fully diluted earnings per share[2]	2.76	2.09	1.46

[1] *Flow Traders N.V. was converted to a public company with limited liability (naamloze vennootschap) as per 9 July 2015. Prior to conversion Flow Traders N.V. was a cooperative with member capital. Therefore no shares were outstanding as per 31 December 2014.*
[2] *The earnings per share over 2014 have been calculated as if it had outstanding shares based on the number of outstanding shares over 2015.*

Profile

Who we are

We are a leading global technology-enabled liquidity provider that specializes in Exchange Traded Products (ETPs). With 268 employees at year-end, we ensure that our trading desks in Europe, the Americas and Asia provide liquidity across all major exchanges, globally, 24 hours a day. Founded in 2004, we continue to cultivate the entrepreneurial, innovative and team-oriented culture that has been with us since the beginning.

What we do

As a financial technology company, our proprietary technology platform enables us to quote bid and ask prices in thousands of ETP listings, as well as similar financial products. We also provide liquidity to institutional counterparties off-exchange. Market participants benefit from higher execution quality and lower overall trading costs, while the markets benefit from greater efficiency and more transparency.

As a principal trading firm, we trade for our own account only. We do not have clients, nor do we provide any investment services or ancillary services to others.
Our strategies are designed to use information that is publicly available and we use fairly simple, non-controversial and transparent order types. We are a strong supporter of fair, transparent and orderly markets.
We derive our Net Trading Income from the small price differences at which investors are willing to trade ETPs or other financial instruments with us, and those of the underlying or related financial instruments at which we hedge the resulting exposures. We do not have a directional opinion on the markets and aim to be hedged perfectly and instantaneously where possible. This focus on risk management is at the heart of our organization, and our risk functions are closely integrated into our platform.

Message of the Co-CEOs

2015 was a special year for the company. In July we listed on Euronext Amsterdam, a key moment in our history and the next phase in our journey. The move from a private to a public company helped us create a bigger footprint in the underlying market, while confirming our maturity. It also expanded our shareholder base and increased our visibility, giving us the opportunity to better connect with counter-parties, regulators, investors, and prospective employees.

Doing what we do best

Yet 2015 was also about continuing to do what we do best. It was about functioning as a tight-knit team to deliver great results. We have an entrepreneurial and innovative culture, which fosters co-operation and continuous company-wide improvement. As a leading global technology-enabled liquidity provider, our focus is on providing liquidity in a non-speculative and market-neutral way. During the year we continued to achieve this successfully, irrespective of market volatility.

Opportunities

Our goal is to capitalize on market opportunities, and we see significant potential for growth in both existing and new markets and products. We aim to grow our global teams, while remaining agile and flexible. We operate in markets that are heavily regulated, and focusing on compliance will continue to be key to our success. But we also see opportu-nities elsewhere. Becoming a public company has given us greater exposure, and we believe that transparency about what we do is vital in creating greater market understanding. We want to continue to be proactive in this area.

Coming periods

Taking advantage of market opportunities involves remaining at the forefront of technological advances and developing talent in-house. Our consistent, one-team approach has been vital to our success, and in 2016 we believe this model will continue to keep our employees motivated, challenged, and committed to the company. We will also continue to invest in our pricing technology, work to attract the best talent in the market that fits with our culture, while spurring our people on to ever-greater things.

Looking back on the year, we would like to thank the entire team at Flow Traders. They made the initial public offering (IPO) a success, and ensured that the continued development of our business model led to another great operational performance. We would also like to thank our shareholders and other stakeholders for their support and contribution during this remarkable year.

Regards,

Dennis Dijkstra and Sjoerd Rietberg

Sjoerd Rietberg and Dennis Dijkstra, Co-CEOs

> *'Our consistent, one-team approach has been vital to our success'*

Share Information

Flow Traders N.V. shares are listed on Euronext Amsterdam since the IPO on 10 July 2015. Since 21 September 2015 Flow Traders is included in the Amsterdam Midkap Index (AMX), carrying a weight of 4.66%. Flow Traders is part of the MSCI Netherlands Small Cap index with a weight of 4.33% since 1 December 2015. It is also part of the MSCI Europe Small Cap index with a weight of 0.14% since 1 December 2015 and other regional indexes that include the Netherlands, such as the MSCI World Small Cap index. Euronext Amsterdam introduced options on Flow Traders shares on 14 September 2015.

Introduction and key figures

KEY SHARE INFORMATION

ISIN	NL0011279492
Bloomberg ticker:	FLOW NA
Reuters ticker:	FLOW.AS
Number of shares outstanding	46,534,500
Free float (Euronext definition)	60%
Market cap at year end	€2,110,106,903

Source: Euronext.

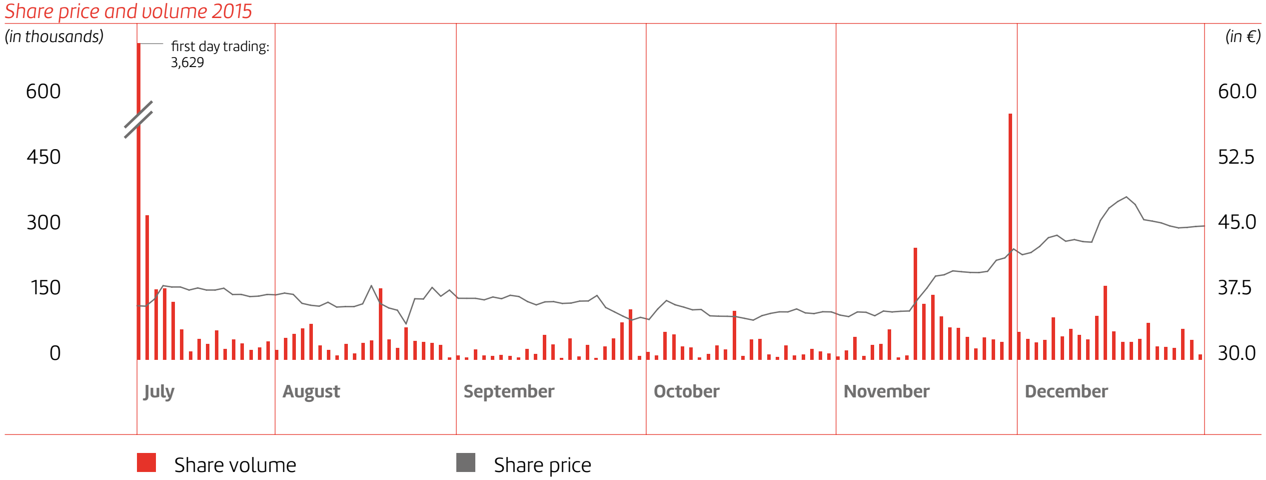
Performance and key figures

KEY FIGURES PER SHARE

Earnings per share	€2.09
Adjusted earnings per share	€2.76
P/E ratio (adjusted)	16.44
Interim dividend per share	€0.50
Final dividend per share	€1.00
Total dividend per share 2015	€1.50
Dividend yield	3.31%
Year-end share price*	€45.345 (+41,7% from IPO price, 10 July)

* *Source: Euronext, based on year-end closing.*

Share price and volume 2015



VOLUMES

Total annual volume	10,130,000
Daily volume - high	3,629,255
Daily volume - low	3,502
Average daily volume	81,668

Source: Bloomberg.

SHARE PRICE PERFORMANCE

Opening price 10 July 2015	€34.000
Annual highest price (closing)	€48.680
Annual lowest price (closing)	€34.120
Closing price 31 December 2015	€45.345

Source: Bloomberg.

Analyst coverage

The following analysts cover Flow Traders as of 31 December 2015:

Institution	Analyst
Morgan Stanley	Bruce Hamilton
UBS	Daniele Brupbacher
Credit Suisse	Martin Price
ABN AMRO	Michiel de Jonge
Exane BNP Paribas	Gregory Simpson

Financial calendar

FINANCIAL CALENDAR

Full year 2015 results	24 February 2016
Annual report	18 March 2016
Results over the first quarter 2016	4 May 2016
Annual General Meeting	19 May 2016

Reserves and dividend proposal for the financial year 2015

Pursuant to Article 24.1 of the company's Articles of Association, the Management Board, with the approval of the Supervisory Board, has decided that of the profit for 2015 (totaling €97,291,000), an amount of €27,489,000 shall be added to the reserves. The remaining amount of €69,802,000 is at the disposal of the General Meeting of Shareholders (General Meeting).

It is proposed to the General Meeting that a total cash dividend of €1.50 per share will be paid out to shareholders for the financial year 2015, subject to a 15% dividend tax withholding tax (*dividendbelasting*). An interim cash dividend of €0.50 per share has been paid out on 2 September 2015. This means that the final cash dividend proposal to the General Meeting is €1.00 per share. Subject to the approval by the General Meeting on 19 May 2016, shares will trade ex-dividend on 23 May 2016. Payment of the final dividend is anticipated to be made on 26 May 2016. Please also refer to the Dividend Policy section in the chapter Our Corporate Governance.

Investor Relations

Investor Relations (IR) focuses on optimizing the communication between Flow Traders and the investor community, its advisors and the analyst community. By organizing conference calls, attending broker conferences, organizing roadshows to institutional investors after quarterly results and organizing the General Meeting, Flow Traders further optimizes the information stream to the market.

Flow Traders has a corporate website (www.flowtraders.com) where its financial calendar, press releases and dividend policy can be found. IR is the first point of contact for analysts, shareholders and interested investors.

INVESTOR RELATIONS CONTACT DETAILS

Serge Enneman	
Telephone	+31 20 799 6799
E-mail	investor.relations@flowtraders.com

'IR is the first point of contact for analysts, shareholders and interested investors'

Our Management Board

Dennis Dijkstra (Dutch): Co-CEO

Dennis Dijkstra joined Flow Traders as CFO in 2009, and was appointed Co-CEO in January 2014.

- Dennis focuses on finance, risk management, mid-office, compliance, legal and tax affairs. Prior to Flow Traders, he held positions at Arthur Andersen, Faxtor Securities, NIBC and Sparck. He is currently a supervisory board member of Think ETF Asset Management B.V., a Dutch ETF issuer in which Flow Traders holds a strategic passive minority interest, and serves as a board member of APT, the Association of Proprietary Traders in the Netherlands.
- Dennis holds a Master's degree in Business Economics from the University of Amsterdam.

Sjoerd Rietberg (Dutch): Co-CEO

Sjoerd Rietberg joined Flow Traders in 2005 as a senior trader, and was Head of Trading and COO before being appointed Co-CEO in January 2014.

- Sjoerd focuses on trading operations, trading strategy, and technology. Prior to Flow Traders, he held a trading position at Newtrade Derivatives.
- Sjoerd holds a Master's degree in Finance from Erasmus University Rotterdam.

Our Business

We provide liquidity in exchange traded products (ETPs), which are baskets of securities made up of shares, bonds, or commodities. ETPs often track indices and, unlike most mutual funds, can be traded throughout the day on trading venues. We do this globally, enabling investors to buy and sell ETPs efficiently by quoting bid and ask prices under virtually all market circumstances.

Markets & Trends

Our business

We trade in well over 10,000 financial instruments, and have access to more than 96 trading venues in 33 countries around the world. We provide liquidity in over 4,700 ETP listings.

We also provide liquidity in ETPs off-exchange on a request-for-quote basis to over 400 institutional counterparties, including banks, asset managers, pension funds, insurance companies, family offices, hedge funds, and others in over 20 countries. Besides ETPs, we provide liquidity in similar instruments, whose value is correspondingly affected by a change in the value of their underlying assets.

As a liquidity provider, we have neither clients nor an opinion on the market. In other words, our results don't depend on the direction of market prices. We make our Net Trading Income from the small price differences that investors are willing to buy or sell ETPs and other financial instruments from or to us, and the prices we pay or receive for the underlying or related financial instruments.

The ETP market

ETPs have become increasingly popular in recent years. According to asset manager BlackRock Advisors, global ETP assets under management grew from $598 billion in 2006 to $2,959 billion by the end of 2015. And this growth is expected to continue, with BlackRock predicting the market will more than double to $6 trillion by 2019, as investors continue to seek out low-cost passive investment strategies.[1]

We believe there are a number of reasons for this: one is that investors are attracted to the transparent nature of ETPs, which enables them to follow clearly how the underlying securities are performing. Another is that ETPs are liquid, and can be bought and sold easily during market hours. A third reason is that ETPs can be composed of financial instruments from almost any asset class, sector or location, giving investors access to markets that would normally be difficult to reach.

Review of 2015

Global ETP markets continued to gain strength and grew by 12 percent in 2015. Annual global inflows of ETP assets under management were $351 billion (2014: $331 billion) and were driven by record investments in both non-U.S. developed markets equity and fixed income. As investors looked outside the U.S. for better returns, non-U.S. developed markets equity flows significantly increased and amounted to $200 billion (2014: $110 billion), with concentrations in Europe, Africa and Far-East (EAFE) exposures. Meanwhile, flows in fixed income were $94 billion (2014: $86 billion) signifying a 22 percent growth that can be largely attributed to investors' renewed appetite for safer investments amidst heightened volatility.[2]

[1] *Source: Blackrock Global ETP Landscape (2014 Year in review - December 2014).*

[2] *Source: Blackrock Global ETP Landscape (December 2015).*

Name **Bas van de Sande**
Position **Global Head of Trading, Amsterdam**
Nationality **Dutch**
Education **Masters in Economics, Financing, University of Amsterdam (UvA)**

CONNECTING TO A NEW EXCHANGE

'Our initial role is to look into exactly what it is we're going to do on the new exchange'

Why do we connect to new exchanges?
A variety of reasons. One is if the products we're currently trading become available on a new exchange, which would give us an opportunity to increase our trading volume. Another example is if we want to roll out a new trading strategy. Or it could be that the new exchange would enable us to improve our pricing or hedges.

What role does Trading play in connecting to a new exchange?
Our initial role is to look into exactly what it is we're going to do on the new exchange. Is it just to hedge products? Are we going to quote? What level of volumes do we expect? What's the latency, the speed at which we can update our quotes? The answers to these questions influence the type of set up we need, the data lines required, and so on, which impact our costs. Once we're clear on what we want to trade, we ask the Business Development department to research what's possible. They carry out due diligence, study the feasibility of the plan, and discuss the possibilities directly with the exchange.

Can you explain the steps you and your team take to make it happen?
If we get positive feedback from Business Development, we then need to discuss our plans further internally. This means sitting together with the Risk and Mid-Office and Compliance departments, which look into what data we might need to store, if we need to report anything to the regulators, and the risk profile. Externally we need to speak to our prime brokers. If it's a totally new exchange, for example, we might need new accounts.

What are the main challenges you face?
That depends on what we want to do. No matter the type of exchange, or where it's based, we need a high-quality, reliable and redundant connection to their servers. Otherwise our quotes would be too slow, and we'd be uncompetitive.

Are there any issues that could cause you to terminate the project?
If we don't expect to trade the volume we'd like to trade, then we may terminate or postpone the project. It could be that the circumstances change, such as the opportunity we initially saw doesn't look so attractive, but that never happened really.

Are you involved in the process each step of the way?
We're involved and kept up to date during the process. We have regular meetings with Business Development, and someone from Risk and Mid-Office will attend. We also keep in close contact with the Technology department, to make sure we're progressing properly

Global coverage

We trade ETPs globally from three offices based in New York, Amsterdam and Singapore. The largest ETP market is in the United States, where on-exchange ETP Value Traded was $12 trillion in 2015.[3] Our New York office's total ETP Value Traded was €198 billion in 2015.

The European ETP market, the world's second largest, had on-exchange ETP Value Traded of $934 billion in 2015.[4] The total ETP Value Traded at our Amsterdam office was €390 billion in 2015.

In Asia, the ETP market is fragmented, with large differences in trading volumes, trading costs, regulation and maturity across the financial markets. The on-exchange ETP Value Traded was $1,486 billion in 2015,[5] while the total ETP Value Traded at our Singapore office was €58 billion.

High growth market

We see significant opportunities for growth, driven by the widely expected expansion of the ETP industry. This is down to a number of changes within the asset management industry, including long-term shifts driven by regulators looking to increase financial stability and transparency; increasing ETP adoption globally among institutions, intermediaries and retail investors; the continuing shift to global electronic trading, which cuts costs and maximizes efficiency and transparency; and a shift in asset growth from active strategies to more cost-effective, passive strategies.

[3] *Source: World Federation of Exchanges (WFE), London Stock Exchange (LSE) Group.*
[4] *Source: See previous footnote.*
[5] *Source: See previous footnote.*

To take advantage of this expected growth, in Europe we aim to expand our presence further in all areas of ETP trading.

In the Americas, where our current market share is relatively limited, we believe there is significant growth potential in fixed income ETFs, developed market equity ETFs and institutional trading.

In the Asia-Pacific region, we believe we can further increase our participation in the markets where we are already active and markets that are potentially opening up, such as India and China, by capitalizing on our experience and existing relationships. In general, we believe markets in Europe, where the shift to electronic trading has penetrated less than half the market, and Asia-Pacific, where electronic trading is limited, will experience accelerated growth in the coming years.

Products

ETPs

ETPs, the main products that we trade, are often compared to mutual funds, mainly because they're both baskets of shares, bonds, or commodities. However, that's where the similarity ends. Unlike most mutual funds, most ETPs simply track an index without trying to beat such indices. ETPs have open-ended fund structures rather than closed-end and, unlike mutual funds, can be continuously bought and sold on trading venues during trading hours. They provide investors with exposure to a wide variety of underlying assets, ranging from ETPs that replicate the composition of a particular equity index, to those that provide investors with exposure to assets in specific sectors or countries, to commodities, or to currencies. ETPs also enable investors to create and manage diversified investment portfolios in an efficient manner, as well as enabling them to switch exposures at any given moment during trading days. Within ETPs, there are broadly three main categories in which we trade:

Exchange Traded Funds (ETFs)

ETFs derive their value from shares or bonds held in proportion to an index. For example, a Euro Stoxx 50 ETF would track the same shares as the Euro Stoxx 50 index, in approximately the same proportions. Fixed-income ETFs derive their value from a portfolio of debt instruments. For example, bonds included in the Barclays US Treasury 1-3 Year Term Index. ETFs are the most widespread among ETPs as measured by assets under management.

Exchange Traded Commodities (ETCs)

ETCs typically derive their value from a commodity index, such as the Bloomberg Commodity Index, but in some cases derive it from just a single commodity, such as gold or oil, or a certain currency. For example, the SPDR Gold Shares ETC tracks the value of physical gold. ETCs may hold physical assets, but exposure can also be held through derivatives of the underlying commodity, in combination with cash.

Exchange Traded Notes (ETNs)

ETNs are a type of unsecured, unsubordinated debt security issued by an underwriting bank. The returns of ETNs are based on the performance of the index being tracked. For example, the iPath S&P 500 VIX Short-Term Futures Index TR ETN would track the S&P 500 VIX Short-Term Futures volatility index.

CONNECTING TO A NEW EXCHANGE

'The goal is to have every risk under control once we start trading'

What role does Risk and Mid-Office play in connecting to a new exchange?
It plays an essential role. Risk is involved in decision taking of 'go ahead'. Once we have the go ahead to connect to a new exchange, we need to make sure that clearing, tax, regulation, reporting and corporate actions details are known and integrated into our procedures. The goal is to have every risk under control once we start trading.

Can you explain the steps you and your team have to take to make it happen?
Let's split it into two phases: risk and operational matters. Phase one is when the initial idea is put forward, and we work our way through a standard operating procedure to take care of risk issues. Phase two is when we actually connect to the exchange. Trading will start with a strictly limited and highly-controlled roll-out, while the Risk team will set the limits and Mid-Office will take care of the operational setup. At the same time we establish emergency cancellation procedures, so that if the exchange goes offline when we have orders in the market, we can protect ourselves.

What are the main challenges you face?
The main challenge is very simple: because we're already connected to so many exchanges, those that are left are relatively small and specific. In China for example, we find we can't connect to the exchange because of regulatory reasons.

Are there any issues that could cause you to terminate the project?
Sometimes we terminate a project before we even connect, because the specifications change or we develop a better solution. However, once we're connected to an exchange it would be very unlikely to leave. The only reasons I could imagine causing it are political or regulatory, or because it becomes too costly.

Are you involved in the process each step of the way?
Yes. We're involved and updated at every stage on everything that happens. Because it's a key project, it's discussed at least two or three times a week with all participants

The ETP ecosystem

The ETP ecosystem is made up of a number of participants, who together make ETP investing and trading possible. These include: investors, ETP issuers, trading venues and authorized participants, who can also act as liquidity providers, such as Flow Traders. The ETP ecosystem can be further divided into two markets: the primary market and the secondary market.

Primary market

Interaction in the primary market takes place between authorized participants and the issuers, who either issue or cancel ETPs. This is done in reaction to market demand and is called the creation and redemption process. Authorized participants can create ETPs with the issuer by transferring the underlying assets (or cash equivalent) to the issuer in return for a corresponding number of newly issued ETPs. This increases the ETP's assets under management. In this way, the issuance of ETPs through authorized participants provides the issuers with access to a broad investor market without having to support a complex and costly trading infrastructure which would be non-core to their business. Redemption is the reverse of the creation process: the authorized participant transfers ETPs to their issuer in exchange for the underlying assets (or a cash equivalent). The issuer then cancels the ETPs it received. This decreases the ETP's assets under management.

Secondary market

The secondary market is where ETP trading takes place between market participants, similar to the trading of ordinary shares, at market-determined prices. Secondary market participants include institutional and retail investors, and liquidity providers and authorized participants. Secondary markets include exchanges and other automated trading venues but also off-exchange trading between market participants such as large institutional investors.

The role of Flow Traders

We have two main roles in the ETP ecosystem. The first is as a liquidity provider. In this role, we help maintain and improve the overall transparency and efficiency of the ecosystem, by quoting bid and ask prices for ETPs on trading venues but also off-exchange to institutional investors that market participants can trade against. By providing liquidity, we make it easier for investors to buy and sell ETPs at a price that should reflect the (relation with) the current price of the underlying asset, and contribute to lower trading costs.

Our second role is as an authorized participant. We have agreements in place with over 25 ETP issuers, reflecting more than 80 percent of the worldwide ETP assets under management. These agreements allow us to work with the issuers to either issue or cancel ETPs: it links the primary market and the secondary market and facilitates AuM growth this way.

Liquidity Provider

Leading liquidity provider

We are recognized by the ETP industry as a leader in ETP liquidity provision. For the last eight years, we have won the 'ETF Market Maker Europe' award of the Global ETF Awards. We received the equivalent distinction in Asia as 'ETF Market Maker Asia-Pacific' between 2011 and 2013. We were also voted Best Trading House for ETFs in the ETF Risk European Rankings over three consecutive years - 2013, 2014 and 2015. Finally, ETF Express voted us 'Best Asia-Pacific Market Maker' in 2013 and 2016 and 'Best European ETF Market Maker' for 2013, 2014, 2015 and 2016. We consistently rank in the top three in terms of market share of ETP Value Traded on Europe's five largest ETP trading venues: Deutsche Börse, Borsa Italiana, Euronext, SIX and LSE. In terms of total on-exchange ETP Value Traded in Europe, we hold a leading position.

Pricing

Pricing ETPs accurately

Being able to accurately price the ETPs that we provide liquidity in is vital to the success of our business. Get it wrong, and we lose money or a trade goes to a competitor. It's that simple. Our experience in establishing the pricing relationship between the ETPs and the underlying assets, in a variety of market conditions, means we can offer competitive bid and ask prices, while still covering our trading costs and locking in transaction profit. We achieve this using pre-set hedging strategies, which (where possible) instantly reduce our market exposure, creating a market-neutral position. And it's these hedging strategies that enable us to trade ETPs in such a way that our Net Trading Income is unaffected by any price movements of the underlying or related securities.

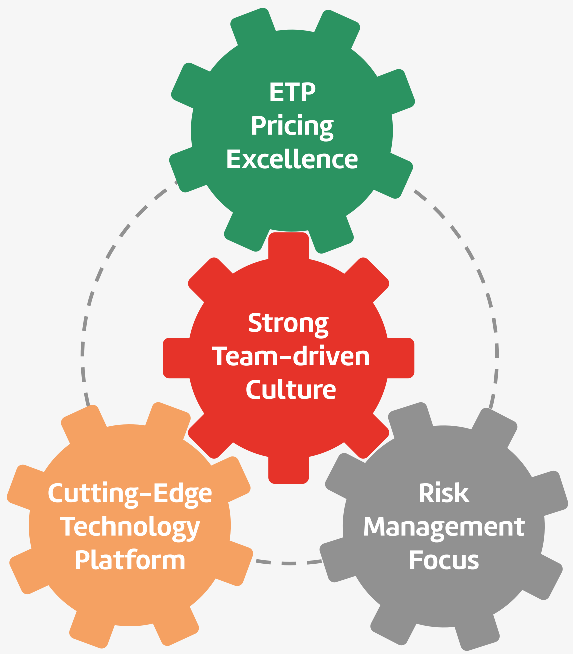
Cutting edge proprietary technology platform

We are a financial technology company. As such, technology lies at the heart of the business, enabling us to provide liquidity in a variety of market environments across the globe. We trade using proprietary and scalable software, with the vast majority of our applications developed in-house. These include pricing and trading software, market data processing tools, pre-trade risk controls, and other risk and compliance tools. This is the main reason that our Technology department makes up around one-third of our total staff.

One of our software platform's core features is its modular design, which allows us to rapidly test and implement ongoing enhancements. This also means we can easily and cost-effectively expand our coverage of securities, asset classes, and geographical markets as we grow the business.

Real-time risk management

We manage risk effectively across the company. Within the trading environment, we reduce our risk by monitoring our trades and positions, market exposure, portfolio efficiency, and liquidity on a real-time basis. Our risk management system is fully integrated with our trading platform, analyzing pricing data and ensuring that our order activity is conducted within pre-determined trading and position limits. At the same time, the system reconciles internal transaction records against those of our prime brokers and exchanges where possible. Off-exchange, we use strict risk management approval and monitoring procedures for institutional trading counterparties. Additionally, we settle almost all of our off-exchange trades through delivery-versus-payment, which means that the delivery of securities occurs simultaneously with payment by the buyer, thus limiting counterparty risk. For more information, please refer to the chapter on Our Risk Management.



Strategy

Our strategic ambition

Our ambition is to be the leading global technology-based Exchange Traded Products-focused liquidity provider.

Our market

We operate in a highly competitive market that is changing rapidly. It is marked by heightened regulation and an ever-increasing focus on technology. Yet the market's core function remains the same: transferring risk between market participants. This is where we add value. Our focus will continue to be on providing liquidity in the fast growing Exchange Traded Products (ETPs) market, and strive to trade all ETPs.

Our business principles

Our business focus is on being flexible, agile, and improving continuously. To be successful, we recognize that we need to perform well across all areas of the business. Achieving this involves diligently studying the markets and our responses to them, and using our resources where they have the greatest impact. The outcome of these decisions dictate whether or not we have a competitive edge.

Our strategy

We will achieve our strategic ambition by continuing to grow our business incrementally. This is dependent on increasing our Net Trading Income, maintaining our desired risk profile, controlling costs, and securing the right talent. Increasing our NTI involves increasing the product of volume and Revenue Capture, where volume is the value of products we trade and Revenue Capture is the net margin we capture per trade after the corresponding exposure has been hedged. Our risk profile is characterized by having no opinion on market movement or direction. Realizing this ambition will involve:

Volume growth

- Connecting to more trading venues and platforms to capture additional volume
- Improving our technical infrastructure, to increase the volume we trade on the platforms on which we are already active
- Increasing the number of institutional counterparties to increase our off-exchange volume
- Increasing the number of products traded

Maintaining our desired risk profile

- Focusing on those financial products we understand fully
- Continuing to apply a 4-eyes (or more) principle to all essential processes
- Having all the desired risk controls and redundancies in place
- Ensuring ongoing compliance with applicable rules and regulations

Increase Revenue Capture

- More accurate product pricing through better product and market knowledge
- Greater pricing and hedging quality by connecting to more exchanges
- Introducing more advanced technologies to increase the quality of the trades
- Reducing the variable costs per transaction

Controlling our fixed cost base

- Ensuring proper cost accountability across the company
- Ensuring up-to-date information across the company, regarding available options
- Ensuring global economies of scale
- Running a capital-efficient business model

Acquisitions

We focus on incremental growth. Although we will not exclude any possibilities where it concerns M&A activity, any opportunity would have to outweigh the integration and cultural issues that potentially arise.

Financial overview

Net Trading Income

Net Trading Income increased significantly to €304.7 million (2014: €172.7 million). This was due to growth in ETP Value Traded to €645.4 billion (2014: €526.8 billion), and an increase in Revenue Capture of 4.7 bps (2014: 3.3 bps). The growth in ETP Value Traded was driven by two factors. First, the ongoing popularity of low-cost passive investment strategies, which leads to an increase in ETP assets under management. And second, some periods of increased market volatility.

Market volatility

The markets were subject to some periods of increased volatility in 2015, during which we were able to highlight our upside potential.

Operational expenses

Our fixed operational expenses were in line with the growth of the company, and were impacted by one-off IPO expenses. We were able to increase our adjusted EBITDA margin to 51.5 percent (2014: 48.7 percent).

Capital base

During the year we continued to maintain a strong, stable capital base, comfortably exceeding our required regulatory capital.

IPO and growth

We increased our (European) institutional counterparties to more than 400, also helped by the IPO. We also continued to grow the business during the year, resulting in an increase in the number of FTEs to 268 by year-end (2014: 211).

'Our business focus is on being flexible, agile, and improving continuously'

CONNECTING TO A NEW EXCHANGE

'Connecting to a new exchange can take anything from one month to nine months'

Why do we connect to new exchanges?
Many reasons, but one of the most important is to capture new volume and enable us to expand our business.

What role does IT play in connecting to a new exchange?
Within the Technology department we have a number of specialist teams, such as networking, connectivity, and systems. Connecting to the exchange involves input from a member of each team.

Can you explain the steps you and your team have to take to make it happen?
One of the first things we do is contact the technical engineers from the exchange. We need to find out the location of the exchange's data center, because our infrastructure has to be able to connect to their infrastructure. We then need to know how to do this: is it going to be over glass fiber or copper? How much power can we use? Does the exchange have specific equipment requirements? Do we need to discuss server availability? Once we have answers to those questions, we have to arrange the logistics. We usually install our own network equipment, such as servers, switches and power distribution units, so we need to arrange transport and installation. The next step is a series of connectivity tests to make sure we have a functioning link. Without these, we can't trade. After the connection has been established and we're running in production, our role changes to one of maintenance and upgrading. IT is a dynamic environment, and we're always looking to improve our hardware and software systems.

What are the main challenges you face?
Since we have a flat organization, and we're experienced at connecting to new exchanges, the internal process is smooth. Everyone knows what they have to do, and when they have to do it. Externally, the main challenge is usually communication. Sometimes we may experience a minor language issue or other type of communication challenges, which can slow the process down. But one must be flexible. At the end of the day it's all about the ones and the zeros. They never lie. The link either works or it doesn't. There's no miscommunication there.

Are there any issues that could cause you to terminate the project?
If we receive the green light for a new exchange, we never terminate the project for technical reasons alone. It may be delayed or terminated if trading circumstances change, but if we want to connect, it will happen eventually.

Are you involved in the process each step of the way?
Connecting to a new exchange can take anything from one month to nine months, depending on the size of the exchange, how much experience they have, their infrastructure, and so on. Even if the Technology department is not specifically involved at each stage, we're updated on each decision or any issues that may arise

Our People

Our people are our most important resource, and we aim to recruit and retain the best talent available. We value drive, teamwork and ownership, and work hard to ensure our people are fully engaged with the business and feel passionate about taking ownership and delivering company-wide results. We believe that by providing our people with the right opportunities to develop the mind-set, skills and competencies needed for personal and professional growth, we create an organization ready to face future challenges and deliver stable growth. Around a third of our staff is involved in Trading, a third in Technology and a third in management and other functions including Risk and Mid-Office, HR, Legal and Compliance and Finance.

Our goal as an employer

Since we started in 2004, our goal has been to foster a culture that encourages innovation, entrepreneurialism and risk-awareness, while focusing on drive, teamwork and ownership. We reward contributions to the long-term success of the company as a whole, rather than to an employee's individual results or direct area of responsibility only. For example, each trader is expected to contribute to the ongoing improvement of our strategies. The value of such a contribution may not necessarily be reflected immediately in the trader's own desk's performance, but any benefits or improvements realized elsewhere in the company would be a major factor in determining the trader's reward.

Who we recruit

We believe that a diverse workforce can supply a greater variety of ideas and solutions to the challenges we face. We aim to recruit and retain the best talent available, regardless of their gender, age, ethnicity, faith or sexual orientation. We are committed to providing equal employment opportunities to all qualified job applicants. At year-end, 33 different nationalities were working across the company.

How we recruit

We recruit and retain specific talent for all areas of our business. For our junior trading positions, we recruit directly from universities worldwide through a dedicated campus recruitment team. We set high selection standards, which in 2015 resulted in roughly 1 percent of applicants being offered a position in Trading. We train our junior traders in-house, under the close supervision and guidance of senior traders. This ensures that they develop a solid trading foundation and risk management skills in a controlled environment. We provide junior traders with a thorough understanding of the products we trade, our strategies and tools, compliance and the regulatory aspects of our business. For positions in the Technology department and other non-trading staff we typically hire experienced specialists with in-depth expertise. As a financial technology company, our technology specialists play a crucial role in developing the trading strategies that enable us to perform successfully and develop the business.

Employee retention

We believe that by developing talent in-house and maintaining a committed and substantial employee shareholder base, we create a stable, forward-looking team. We encourage our people to move between offices internationally, sharing ideas and best practices across the company, while interacting with many different cultures. These approaches have contributed to a low turnover of senior employees.

Compensation

In 2015, company-wide average total compensation paid per employee was €388,632. Wages, salaries and social security charges accounted for 24% of company fixed costs base, while variable remuneration equated to 84% of total compensation in 2015. We use our variable remuneration structure as a powerful incentive to promote risk awareness and prudent behavior. For example, awarding variable remuneration and payment of deferred variable remuneration depends on the future profitability of the company, which means we only award variable remuneration, or pay deferred remuneration, if there is sufficient profit and capital to do so.

Individual variable remuneration is dependent on company and business unit performance, individual performance, and the contribution to the success of the company as a whole. This discourages a culture of 'star' behavior, while fostering collaboration and teamwork. We also have a zero tolerance policy on unethical or illegal behavior. We do not base variable remuneration on financial results achieved individually. For more information on our remuneration policies, please refer to the chapter on Remuneration.

Open culture

Everyone working here contributes to the company as a whole. We have implemented structures that safeguard and stimulate employee participation in every material aspect. We encourage our employees to share their opinions on a wide variety of matters and be as engaged as they can be. We have an open, collaborative culture, and everyone in the company has direct access to management to discuss any matter or issue, however big or small. We also discuss important developments during regular all-staff meetings. We have no collective labor agreements in place with our employees, nor have employees requested that a formal works council be formed.

Shares held by employees and Management Board members

We believe in promoting entrepreneurship and incentivizing prudent and risk-aware behavior with our employees. Therefore our Co-CEOs and a number of current and former employees were invited to invest in Flow Traders in the past at fair value, using their own net worth. Following our IPO these shares remain subject to lock-up provisions and the relevant people may only transfer or sell their shares as set out below:

- up to 33⅓ percent of these shares starting 10 July 2016;
- up to 66⅔ percent of these shares starting 10 July 2017; and
- all of these shares starting 10 July 2018.

Pursuant to the underwriting agreement that the company entered into in respect of the IPO, the company has agreed that, without the prior written consent of the joint global coordinators on the company's IPO (acting on behalf of the underwriters), it will not, for a period from the date of the underwriting agreement until the date 365 days after the company's first trading date (10 July 2015), grant any waiver from the lock-up as set out in (i) each of the Co-CEOs' lock-up agreements, or (ii) the lock-up agreements for other employee-shareholders holding a 0.5% economic interest (or more) in the company at the time of the IPO.

'Everyone working here contributes to the company as a whole'

In 2015 a group of employees bought shares in Flow Traders. These shares are subject to a 3-year initial lock-up period and will only be released as set out below:

- up to 25 percent of these shares starting 1 June 2018;
- up to 50 percent of these shares starting 1 June 2019;
- up to 75 percent of these shares starting 1 June 2020; and
- all of these shares starting 1 June 2021.

In the event of termination of employment during the lock-up period the relevant people must offer their unreleased shares to the company for the lower of (i) the corresponding subscription price paid or (ii) the fair market value of the shares at the time of such termination, and in any event within five business days of Flow Traders having given notice to the relevant participant thereof.
The company may at its discretion accept the offer, subject to any applicable restrictions under corporate or securities laws. See also note 24 in the Financial Statements.

NUMBER OF SHARES LOCKED-UP OR UNRELEASED HELD BY CURRENT AND FORMER EMPLOYEES AND MEMBERS OF THE MANAGEMENT BOARD	Shares subject to lock-up	% of outstanding shares	Shares subject to release	% of outstanding shares	Total shares	% of outstanding shares
Dennis Dijkstra (Co-CEO)	1,052,875	2.3%	50,000	0.1%	1,102,875	2.4%
Sjoerd Rietberg (Co-CEO)	757,425	1.6%	68,750	0.1%	826,175	1.8%
Others (excluding members of the Supervisory Board)	7,148,498	15.4%	1,406,000	3.0%	8,554,498	18.4%
Total	**8,958,798**	**19.3%**	**1,524,750**	**3.28%**	**10,483,548**	**22.5%**

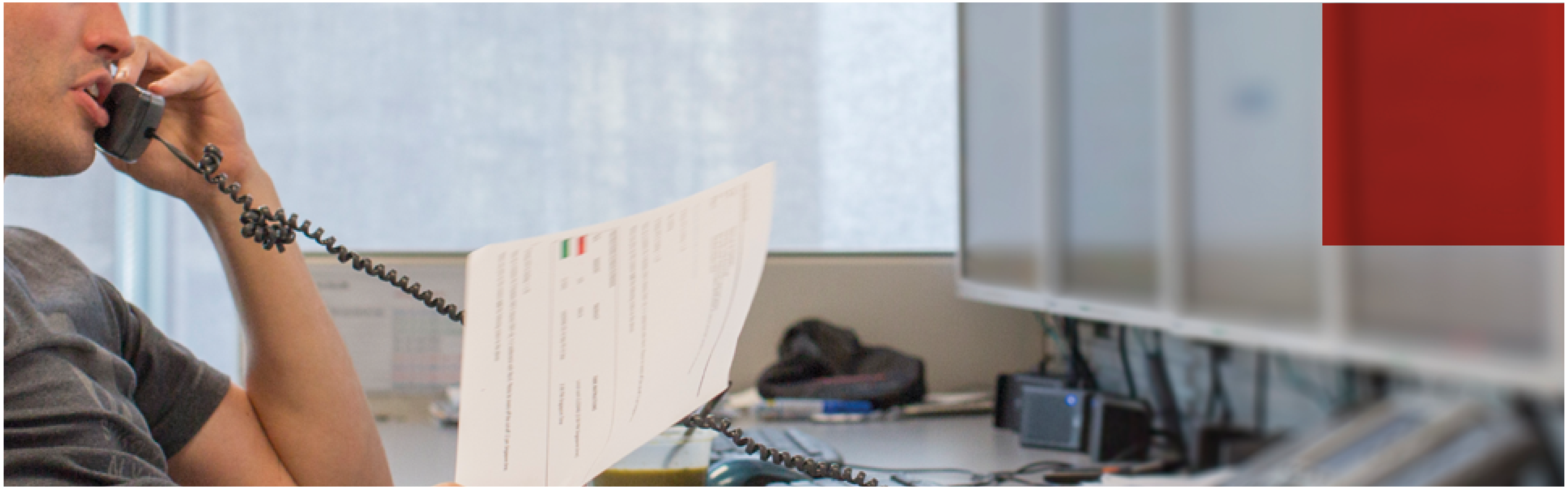
Shares held by members of the Supervisory Board

The co-founders of Flow Traders, Roger Hodenius and Jan van Kuijk, are currently members of the Supervisory Board. The table below provides an overview of the shares indirectly held by them on 31 December 2015 as also reflected in the AFM register. The lock-up agreements in respect of such shares, that we entered into with the underwriting banks in the context of our IPO, have expired.

SHARES INDIRECTLY HELD BY MEMBERS OF THE SUPERVISORY BOARD		% of outstanding shares
R. Hodenius		
(Avalon Holding B.V.)	6,642,255	14.27
J.T.A.G. van Kuijk		
(Javak Investments B.V.)	6,642,255	14.27
Total	**13,284,510**	**28.55**

SARs

Prior to the IPO certain senior employees, including the Co-CEOs, held Stock Appreciation Rights (SARs). Flow Traders chose to terminate, cancel and settle these SARs following the IPO. See note 25 in the Financial Statements.



EMPLOYEES PER BUSINESS UNIT/NATIONALITIES

	Dutch	American	Indian	Romanian	German	French	British	Other	Total
Trading	58	4	9	–	4	3	1	14	93
Technology	30	5	4	11	6	2	4	23	85
Risk and Mid-Office	18	3	2	–	–	–	–	4	27
Legal & Compliance	10	2	1	–	–	–	–	–	13
Finance	6	1	–	1	–	–	1	2	11
Project Management	4	–	–	–	–	–	–	–	4
HRM	9	2	1	–	–	–	–	3	15
Board	7	–	–	–	–	–	–	–	7
Other	7	1	1	1	–	1	–	2	13
	149	**18**	**18**	**13**	**10**	**6**	**6**	**48**	**268**

NUMBER OF EMPLOYEES AS OF 31 DECEMBER 2015

	Total employees (excluding temporary staff)	
Europe	195	72.8%
Americas	36	13.4%
Asia	37	13.8%
Total	**268**	**100%**

AT A GLANCE

Culture

- Informal culture
- Casual dress code
- Highly skilled people
- Drive, teamwork, ownership
- Aim to be the best
- Work hard, play hard
- Enjoy life, great events

Office

- Environment designed to stimulate optimal performance
- Free breakfast, lunch, drinks, fruits and snacks
- In-house gym
- Personal trainers and chair massage
- Focus on a healthy lifestyle

Flow Traders and society

Our aim is to make a positive contribution to society, which we do in a number of ways. One way is through our day-to-day business, by providing liquidity to financial markets globally. We help ensure that thousands of Exchange Traded Products (ETPs) and similar products can be traded across the world's markets, by continuously quoting bid and ask prices. As an innovative segment of global financial markets, ETPs have introduced efficiencies and cut investment costs substantially for a wide range of investors, from pension funds to retail investors. Increased liquidity, higher execution quality, and lower overall trading costs are just some of the benefits that liquidity providers, such as Flow Traders, offer through these innovative financial products.

Another way in which we contribute to society is through sustainable employment. By creating and retaining high quality jobs, we help develop a stable and trusting working environment that benefits our people, our business, and society. Since we started in 2004, our goal has been to foster a culture that encourages innovation, entrepreneurialism and risk-awareness, while focusing on drive, teamwork and ownership. By developing talent in-house and maintaining a committed and substantial employee shareholder base, we strengthen the internal bonds and help create a loyal, forward-looking team. We encourage our people to move between offices internationally, to share ideas and best practices across the company, while experiencing life in different cultures. We also believe that a diverse workforce can supply a greater variety of ideas and provide better solutions to the challenges we face. We aim to recruit and retain the best talent available, regardless of their gender, age, ethnicity, faith or sexual orientation. And we are committed to providing equal employment opportunities to all qualified job applicants.

Focusing on internal stability also provides external benefits. For example, our people feel empowered to support charitable initiatives, which has always been part of our working culture. We engage in community giving throughout the year, and across our offices. We do this by supporting our people in fund raising activities, providing guidance where appropriate to help them have as great an impact as possible, and contributing financially. In 2015, for example, each employee in Amsterdam was given an amount by the company to donate a non-profit organization of their choosing. Other initiatives included supporting local sports clubs, collecting toys for children in need, and actively participating in the Alpe d'HuZes cycling event, a Dutch initiative to raise money for cancer research.

'Another way in which we contribute to society is through sustainable employment'

‘This is a very grown up company, it also rewards independent thinking and entrepreneurialism’

Kiran Kolli
Software Developer, Amsterdam

Our Risk Management

Flow Traders is designed to be risk-averse and risk-aware. We are intensely focused on risk management. We aim to keep our net exposure and market risk as small as possible by hedging positions fully, and where possible, perfectly and instantaneously at all times. We monitor our activities on a real-time, fully automated basis using our robust risk management framework. As a result of this, in 2015 we had no days in which daily Net Trading Income was negative (loss days).

Organization

Our trading professionals, who closely monitor our trading system, together with our Global Heads of Trading are our first line of defense. Our Risk and Mid-Office, Compliance and Finance departments serve as other internal lines of defense. We maintain a strict segregation of duties, where Risk and Mid-Office, Compliance and Finance are separate departments, each reporting individually to our Co-CEOs. In addition, trading venues and our prime brokers provide various risk controls, monitoring, and data we can use to reconcile our own records, while our regulators and other professional parties query us from time to time in respect of, amongst other things, our processes and risk controls.

We have a ‘4-eyes’ approach, which means that every trading desk is staffed by at least two traders, at least one of whom is a senior trader, to monitor each other’s trading. Our Heads of Trading supervise our trading activities closely during the trading day.

We also use our remuneration model to promote risk awareness and responsible trading. Individual variable remuneration is dependent on the contribution to the success of Flow Traders as a whole, thereby discouraging a culture of ‘star’ behavior. It fosters collaboration and teamwork, instead of focusing on individual trading profitability (in the case of traders). Deferred variable remuneration acts as a first loss tranche to compensate for any operating loss in the subsequent year, before such loss would impact shareholder equity, serving as a powerful incentive for risk-awareness and prudent trading behavior.

In addition, a number of employees were invited to invest in Flow Traders in the past at fair value, using their own net worth, which, together with the lock-up attached to those shares, should align their interests with the long-term future of the company.

Our trading strategies are designed to be non-directional, non-speculative and market-neutral. This means we aim to limit net exposure on the products we trade: we have no opinion on what the market does, and market movements do not affect the profit or loss on our positions. In addition, we maintain our policy of hedging our trades fully and, where possible, perfectly and instantaneously at all times. We seek to hedge positions in order to minimize net exposure and market risk. The vast majority of our trades are relatively small in size, further limiting trading risks.

Risk committee and reporting

The Management Board determines our risk appetite and provides guidelines for overall risk management. The Risk and Mid-Office department proposes policies to govern specific risk areas which need to be approved by the Management Board. Risk management is carried out under policies approved by the Management Board.

Members of our capital management team and our Trading and Risk and Mid-Office departments work closely together to ensure that the risks we take are in line with the company’s strategy as determined by the Management Board (e.g. in terms of the products traded, positions, markets and their characteristics, the factors of which are continuously assessed given market circumstances and our trading portfolio at that time). The Risk and Mid-Office department independently assesses, monitors, quantifies and documents possible risks, which are inherent to trading in an automated environment. Our risk management framework is robust and transparent, capturing all risks which are relevant to our business. We continuously reassess the limits set and methodologies used in our risk management framework.

Risk information is reported to the Global Head of Risk and Mid-Office and the Heads of Trading on a daily basis. A process of escalation is in place in the event a material issue arises and any relevant steps and decisions are well-documented. The Risk and Mid-Office department also defines and assesses possible scenarios, and plans accompanying mitigating actions. In every office there are dedicated risk managers present that have (at least) weekly calls with all risk team members. Our risk team members regularly rotate roles to disseminate knowledge, serve as a fresh pair of eyes, and be able to manage risk in all offices from every location in a consistent manner.

We have a standing risk committee that continuously assesses the risks we face in our business, comprised of our Global Head of Risk and Mid-Office and Global Head of Trading. Aside from ongoing ad-hoc communication, there is a recurring meeting in which they discuss all relevant position limits, strategies, procedures, capital requirements and other requirements of prime brokers and market developments. Any major changes to our risk systems, strategies and limit setting must subsequently be approved by a Co-CEO. In addition, the Trading and Risk Committee of the Supervisory Board include supervision and monitoring, as well as advising the Management Board on the operation of our internal risk management and control systems. The Trading and Risk Committee is also responsible for providing advice to the Management Board on the company's development, performance and sustainability of its trading strategies. It maintains regular contact with the company's Trading and Risk and Mid-Office departments and reports periodically to the Supervisory Board. For more information on the responsibilities of our Trading and Risk Committee, please see the chapter on Our Corporate Governance.

'In every office there are multiple dedicated risk managers present'

Following a review of the company's risks assessment processes, the monitoring of the company's internal risk management and control systems has been identified as a priority and as a joint responsibility of the Supervisory Board and all committees. The members of the Supervisory Board have agreed that the Supervisory Board and each committee monitors risks identified as relevant to their specific expertise. This means that the relevant items set out in best practice provision II.1.4 of the Dutch corporate governance code have been discussed by the Supervisory Board and all committees. For more information, please refer to the Supervisory Board report.

Pursuant to our risk management policies, our automated management information systems generate reports in real-time on a daily basis. These reports include risk profiles, profit and loss analyzes and trading performance reports. Some reports are processed immediately and others require intermediary checks by our Risk and Mid-Office department. All of these reports are shared with our global Risk and Mid-Office team and management to comply with our 4-eyes principle. Our assets and liabilities are marked-to-market daily by reference to official exchange prices, and they are re-valued continuously throughout the trading day for risk management and asset/liability management purposes.

Selected risks and how we address them

Managing market risk

Market risk is the risk of loss resulting from unfavorable market movements, such as prices, when positions in financial instruments are held. The value of a financial instrument may fluctuate because of changes in factors such as equity prices, currency rates, future dividend expectations, interest rates and volatilities. Our hedging strategies, in combination with the use of straightforward products and continuous monitoring, aim to minimize this risk. The Risk and Mid-Office department monitors market risk exposure on a continuous basis (including intraday). Based on the limits set per product or the aggregated risk, limit breaches, if any, will trigger action from the Risk team in order to reduce the risk. In addition, the trading positions are also monitored daily, and the applicable haircuts and margins are computed by our prime brokers.

Name ***Jan Bart de Boer***

Position ***Chief Commercial Officer and board member of ABN AMRO Clearing***

Jan Bart de Boer is chief commercial officer and board member of ABN AMRO Clearing Bank N.V. (ABN AMRO Clearing). He oversees the sales and relationship management teams in the company's 12 offices around the world.

Can you tell us who you are, what you do, and your connection to Flow Traders?
For the past 10 years I've been a board member of ABN AMRO Clearing. As such, I'm responsible for a firm that employs 850 people globally. I am tasked with ensuring that ABN AMRO Clearing is sustainable, that it serves the interests of its clients and society, and that it has a moderate risk profile. I'm also the board member with the greatest share of responsibility for the company's income generation. Around 120 staff members, who have daily responsibility for our clients and prospective clients, report to me. My connection with Flow Traders is a long and happy one, stretching back to the days when the company was founded. As their clearing bank, we service them in Europe and Asia. When they started out they were located in the same central Amsterdam office as us, and when they began operations in Singapore, we were also located in the same building. So we have a long, shared history.

Clearing plays a key role in maintaining stable and efficient financial markets. Can you explain how?
During the financial crisis, the exchange-traded market remained liquid and stable, whereas the over the counter (OTC) market lost liquidity. As a consequence, the G20 leaders at the Pittsburgh Summit decided that more products should be brought to centrally cleared markets, increasing risk management and efficiency. We are a big supporter of this drive. Since then, we've seen both the Dodd-Frank Act in the United States, and the EMIR in Europe, introduce measures to shift previous OTC products to centrally cleared products, therefore opening them up to becoming centrally traded. This swing towards central clearing has made businesses like ours even more important for financial stability, which naturally has resulted in increased regulation on central counterparties (CCPs) and Clearing Members.

Given the limited number of clearing members that can provide access to clearing houses, what sort of regulatory topics are likely to influence your business? And how will they affect your customers?
Because central clearing has become so important, there is far greater oversight from regulators on both sides of the Atlantic, and Asia, of clearing parties and their members. This covers operational risk, liquidity, the balance sheet, compliance risk, credit risk, and so on. Consequently, it has become both safer and a bit more expensive, which partly affects the clearing members, as well as their clients.

What trends do you see influencing the sector in the coming years?
I think our industry is still digesting all the measures that were put into place after the global financial crisis. While a degree of legislation is already here, and some is still being written, it'll take a couple of years for it to be fully processed. MiFID II is on the horizon, and there will be continuing regulatory intervention in our market, to make them safer and fairer. And as a result of the push towards central counterparties, we see more products moving from OTC to exchange-traded. We'll also continue to see growth in the ETF markets, with the move from active to passive investments, which will impact our business. We still believe the ETF market has yet to mature, and we expect to see many more people around the world turning to ETFs to hedge risk, or save for their retirement or their families' future.

Flow Traders and ABN AMRO listed in 2015, which were significant events for both companies. What are your thoughts on this?
We're very proud. We are proud that Flow Traders, who we've been with since day one, is now a listed firm, and we're especially proud that we also played a part in the listing process. And we're proud as ABN AMRO employees that we're a listed company again

Managing a drop in trading volumes

Our Net Trading Income and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade, and the bid-ask spreads (which largely determine the profit on the trade, or margins, we capture) resulting from the difference between the prices which buyers are willing to pay for the financial instruments we sell and the prices which sellers are willing to accept for the financial instruments we buy. Trading volumes in securities, derivatives and other financial instruments on exchanges and in other trading venues worldwide are directly affected by factors beyond our control, including economic and political conditions, broad trends in business and finance, regulatory requirements, actions by central banks, and changes in the markets in which such transactions occur.

We have developed strategies to cope with periods of little market movement. From our experience we know that in these periods some trading desks tend to earn less where others show an increase in earnings. Therefore, these strategies may serve as a (partial) hedge in such circumstances. To control the risk of low market activity, we actively manage our costs and aim to keep our fixed costs low.

Managing counterparty risk

With regard to dealing with third parties, such as issuers, trading venues, prime brokers or approved counterparties for off-exchange trading, we have strict on-boarding procedures, risk management approval and ongoing monitoring in place. Before entering into a new business relationship with a counterparty, we review their financial standing, reputation and recent developments. Transactions with such third parties are validated and reconciled by separate departments.

To address the credit risk we face, we clear almost all of our on-exchange trades through our prime brokers and central counterparties (CCPs). Trades that are not offered for clearing (e.g. in off-exchange trading) are typically settled by way of delivery-versus-payment, which means that the delivery of securities occurs simultaneously with payment by the buyer. This limits counterparty risk. In order to further mitigate counterparty risk, we make sure that the settlement cycle of trades is kept short, aiming to ensure that the counterparty risk is only borne during the limited time of the settlement cycle. If a settlement cycle of more than three days is required, the trade can only be executed with prior approval from the Risk and Mid-Office department.

Managing liquidity risk

Our liquidity risk, the risk that there is not sufficient trading capital or regulatory capital, is managed by intra-day monitoring of credit lines from our prime brokers, cash, portfolio efficiency and liquidity. Furthermore, in our trading we focus on trading liquid exchange-listed instruments which helps us unwind positions more easily than in the case of illiquid or unlisted instruments. In addition, Flow Traders is an authorized participant for over 25 ETP issuers reflecting more than 80% of the worldwide issuer ETP assets under management. This position allows us to create and redeem ETPs with their issuers. Our settlement risk is mitigated by a multi-layered monitoring process of settlements.

Managing operational and IT risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. Operational risk management is an integral part of Flow Traders' management information and control systems. As our operational risks are concentrated in technology events at exchanges and clearing houses, our investment in technology is important to mitigate those associated risks.

We operate an integrated, in-house developed, high-performance and customized technology platform with frequent and controlled deployments of new hardware and software. Our infrastructure has a modular design which allows us to rapidly test and implement improvements in both hardware and software on an ongoing basis. Controlled releases of hardware and software enhancements provide for minimal disruption to our business.

The environment in which our trading software (or updates of our trading software) is being developed is strictly separated from the environment in which such trading software operates in production. Access to the source code is strictly controlled and limited. Prior to releasing our trading software, or an update into the production environment, relevant elements of our trading software are subjected to a review of its code, validation in an environment that is separate from our production environment, validating in limited production (processing a strictly limited number of trades) on one trading desk in respect of trading a single financial instrument, followed by more extensive testing across multiple desks and/or trading multiple financial instruments. Each step, and progressing through steps, is documented.

Flow Traders has a monitoring system in place to control undisrupted trading activities in real time. Multilayer monitoring is employed to avoid errors, but, when these occur the relevant teams are notified via multiple notification channels. We rely on multiple third party service providers for business and market data.

Our systems are designed such that they can be monitored real-time, as well as being maintained and supported by qualified professionals from any office. Our risk management system is fully integrated with our trading platform, analyzing real-time pricing data, and is designed to ensure that our order activity is conducted within strict pre-determined trading and position limits. For example, our pre-trade risk controls are designed to prevent the trading engines from sending orders which deviate from our pre-defined risk parameters, such as price and volume limits set by the Risk and Mid-Office department, which keeps our ordering, trading and positions well within tolerance levels.

Our monitoring tools reconcile trades, prices and positions against those of our exchanges and prime brokers. Our IT systems are regularly subjected to penetration tests by external experts. We have a comprehensive IT security system that is designed to protect us from attacks both from inside and outside the platform.

Where we have a technical interface with institutions like our prime brokers and exchanges, the integrity of the connection between the systems and the data that is being exchanged is subject to prior conformance testing and continuous monitoring. Unexpected deviations are flagged and investigated. We also have a disaster recovery plan in place, which, for instance, provides that our Amsterdam office acts as a backup site for other offices.

Managing our regulatory risk

While we have no clients and do not provide investment services or ancillary services to third parties, our markets and nearly all aspects of our business are heavily regulated. Where applicable, entities forming part of our group have obtained the regulatory licenses and approvals needed to operate their regulated businesses.

Flow Traders' trading operations are established in four international jurisdictions. As a group we currently trade on more than 96 venues worldwide. In addition, we operate on various other venues through brokers. As we have to comply with our home regulations and the local regulations and trading rules of all venues on which we trade, our regulatory landscape is vast. Legislators and regulators worldwide strengthen their supervision within our environment, demanding a professional and well-structured compliance organization.

'We have a comprehensive IT security system that is designed to protect us from attacks both from inside and outside the platform'

Our Compliance department assists management and operations at group and local level by identifying, advising on, reviewing and reporting on regulations. It also seeks to maintain a compliant business environment through training and monitoring in order to ensure and enhance the group's conformance with its regulatory obligations.

The Compliance and Risk and Mid-Office departments have promulgated and implemented pre-trade risk controls, internal rules and regulations that were developed following regulatory requirements, guidelines from market authorities, industry best practices and our own best practices.

While we believe we are well-positioned to address and implement new regulations in general, and while we spend considerable resources to anticipate and implement new regulations, we typically cannot (fully) assess what the impact of such regulations will eventually be in practice. New regulation or revised interpretations of regulation may or may not be beneficial to our business.

Actual or alleged noncompliance with applicable laws or regulatory requirements could adversely affect our reputation, profitability and prospects. This may also be the case for differences in interpretation or lack of timely or complete implementation of regulatory requirements. Sanctions could include fines, penalties, disgorgements and censures, suspension or expulsion from trading venues or the revocation or limitation of licenses. We aim to minimize such risks by focusing considerable management attention, employing highly-qualified compliance and risk professionals, deploying training, monitoring and reporting systems, and continuously evaluating and implementing current and upcoming regulation on our operations.

Notwithstanding such efforts, given the highly regulated nature of our business, we are regular subjects of routine (and sometimes more targeted) inquiries and audits from regulators and trading venues. It is difficult to predict or manage the outcome of such inquiries, although we aim to be as transparent and cooperative as possible given the circumstances.

We continuously invest in good professional relationships with trading venues, regulators and other relevant parties. Flow Traders is a founding member of the FIA European Principal Traders Association (FIA EPTA), a member of the FIA Principal Traders Group (FIA PTG) in the U.S. and a member of FIA Asia. These are European and U.S. industry groups that consist of leading principal trading firms. We are also a member of the Dutch Association of Proprietary Traders (APT), operating as an industry body of Netherlands-based liquidity providers. As part of these important groups, we continue to promote, foremost, the principle that all markets and market participants should be adequately and transparently regulated. Within these groups we contribute to discussions regarding current and new regulation, including CRD IV, EMIR, MiFID II, Reg AT and market regulation. We will continue to contribute to these discussions and will persist in maximizing transparency in respect of our industry, its benefits for all market participants and fair, orderly and transparent financial markets.

In control statement

The Management Board is responsible for designing and maintaining an adequate system for internal control over financial reporting. In order to facilitate this, the Risk and Mid-Office department assessed the controls in this process and reported its findings to the Management Board. These findings have been evaluated by the Management Board and by the Supervisory Board. For a more elaborate explanation of our efforts in this regard, we refer to the chapter above on Our Risk Management.

In accordance with best practice provision II.1.5 of the Dutch corporate governance code, and with due observance of the limitations stated below, we confirm that to the best of our knowledge the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in 2015. However, these systems cannot provide absolute certainty that no errors have occurred/our targets will be achieved, or that a misstatement of Flow Traders' financial statements can be prevented.

Statement by the Management Board

As required by section 5:25c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) we state that according to the best of our knowledge:

- The financial statements present a true and fair view of the assets, the liabilities, the financial position and the result of Flow Traders N.V. and the companies included in the consolidation; and
- The annual report provides a true and fair view of the position as at 31 December 2015 and the state of affairs during the financial year of Flow Traders N.V. and its affiliated companies, whose data have been included in its financial statements, and that the annual report describes the essential risks faced by Flow Traders N.V.

Amsterdam, 17 March 2016

Management Board
Dennis Dijkstra, Co-CEO
Sjoerd Rietberg, Co-CEO

‘We connect to a new exchange because we want to increase our trading volume, roll out a new trading strategy or to improve our pricing or hedges’

Bas van de Sande
Global Head of Trading, Amsterdam

Our Supervisory Board

Supervisory Board

1

Eric Drok, Chairman (1960, Dutch)

Eric was appointed Chairman of the Supervisory Board on 9 July 2015. He sits on the Remuneration and Appointment Committee and the Audit Committee. His current term expires in 2019. Eric has 30 years domestic and international banking experience, including at ABN AMRO's predecessors, ING Bank and its predecessors and Rabobank. He served as CEO of ING Direct and ING Bank Australia between 2006 and 2009, before becoming a board member of ING Bank Slaski (Poland) until 2011. He then moved to Rabobank, serving three years as Chief International Direct & Retail Banking. His other functions include sitting on the Supervisory Board of MS Mode Group B.V., Cool Cat Fashion B.V., and The Greenery B.V., and he is a non-executive board member of Zanaco Bank in Zambia. Eric is also Operating Partner at HG-Capital in London.

2

Jan van Kuijk, Vice-Chairman (1966, Dutch)

Jan was appointed Vice-Chairman of the Supervisory Board on 9 July 2015. He is Chairman of the Technology Committee, and sits on the Audit Committee, Trading and Risk Committee, and Remuneration and Appointment Committee. His current term expires in 2018. Jan is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in 2004 until January 2014. Until 1996, Jan served as a partner at Optiver, a proprietary trading firm, and was involved in setting up its first electronic trading activities at Deutsche Börse in 1993. In 1997 he co-founded Newtrade Financial Group, an options market-making firm which discontinued after he co-founded Flow Traders in 2004.

3

Olivier Bisserier (1967, French)

Olivier was appointed member of the Supervisory Board on 9 July 2015. He is Chairman of the Audit Committee, and sits on the Technology Committee and Trading and Risk Committee. His current term expires in 2019. Olivier Bisserier is currently the CFO of Booking.com, and has over 25 years of experience in international financial roles. He was a senior manager for PwC until 2000, then had finance director roles and served as European CFO of TNS, an LSE-listed market research group.

4

Rudolf Ferscha (1961, Austrian)

Rudolf was appointed member of the Supervisory Board on 9 July 2015. He is Chairman of the Remuneration and Appointment Committee, and sits on the Trading and Risk Committee. His current term expires in 2018. Originally a corporate finance and capital markets lawyer, he has over 25 years board-level experience at international financial institutions, including executive roles on the management boards of Goldman Sachs Bank in Frankfurt and of Deutsche Börse AG. For more than a decade he held direct oversight responsibility for FSA and BaFin regulated derivatives and securities trading businesses. Between 2000 and 2005, Rudolf served as CEO of Eurex, and from 2003 to 2005 was Chairman of the Management Board of the Frankfurt Stock Exchange. He is currently independent Board Director of Moody's Investors Service Limited, Moody's Investors Service EMEA Limited, Moody's France SAS and Moody's Deutschland. He is also an independent Board Director at 360 Treasury Systems AG and DEAG Classics AG, and a partner at Gledhow Capital Partners.

5

Roger Hodenius (1972, Dutch)

Roger was appointed member of the Supervisory Board on 9 July 2015. He is Chairman of the Trading and Risk Committee, and sits on the Technology Committee and Remuneration and Appointment Committee. His current term expires in 2019. Roger is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in 2004 until January 2014. Roger was responsible for developing Flow Traders vision and culture, the trading strategies and the trading floor. Prior to founding Flow Traders, Roger was a partner at Optiver between 1996 and 2003. Roger set up a desk with new strategies and became a market maker in the first ETFs listed in Europe, the Merrill Lynch Leaders. He sat on the Supervisory Board of ThinkCapital Holding B.V. between 2010 and 2012.

6

Han Sikkens (1978, Dutch)

Han was appointed member of the Supervisory Board on 9 July 2015. He sits on the Audit Committee and the Technology Committee. His current term expires in 2018. Han is a managing director with Summit Partners L.P., a global growth equity firm, where he has been since 2004. Prior to Summit Partners L.P., he held positions at Scotia Capital and IBM Corporation. Han led Summit Partners' investments in Avast Software B.V., a consumer security software company, Multifonds, a financial software company, SafeBoot Holdings B.V, a provider of enterprise security software, 360 Treasury Systems AG, a global electronic trading venue, and Welltec International ApS, a provider of robotic intervention solutions to the oil and gas industry. Han is currently a director of the following Summit Partners investments: Acturis Limited, Darktrace Limited, Masternaut Group Holdings Limited, Siteimprove A/S and Relex Oy.

Supervisory Board Report

Message of the Chairman

The year under review was a historic one for Flow Traders. On 10 July 2015 trading in the company's shares commenced on Euronext Amsterdam. For the Supervisory Board, this was also the first full day on which we officially began our duties, which we will carry out with diligence and dedication, as prescribed by law, the Articles of Association, and the Dutch corporate governance code.

Preparing for the IPO

While the Supervisory Board officially came into being in July 2015, we were active in the period leading up to the IPO. The Supervisory Board's six members, who have diverse but complementary backgrounds, prepared for Flow Traders' conversion from a privately-held organization to a public company by carrying out detailed research into the company, the market in which it operates, and the regulatory environment. Working on the IPO prospectus, for example, provided us with a clear overview of the business and its operations, and acted as a useful reference guide. The Supervisory Board also held detailed discussions with the Co-CEOs and senior management, and spent time on the trading floor to get a feel for daily business. We talked to employees across the organization to gain insights into the people who make the company what it is. In addition, all six members followed extensive training sessions, provided by the company, which covered a broad range of topics, including the Dutch corporate governance code.

Initial tasks

One of the first tasks we dealt with after the IPO was establishing our plans for the period covering July 2015 to June 2016. We then established the committee structure, and decided on their main roles, responsibilities, and functioning. Given the nature of the company's business, we established four committees: Remuneration and Appointment; Audit; Trading and Risk; and Technology. Following Dutch regulations, we also nominated a new auditor, and formulated our proposal to the General Meeting.

Regulation

Regulation is the company's license to operate. While the sector in which Flow Traders operates is heavily regulated, the company expertly manages its regulatory requirements through its Trading, Risk and Mid-Office, and Legal and Compliance departments. By making adequate provisions ahead of time, the company is also able to ensure new regulations have minimal impact on the business and its continuity. Regulation and compliance is challenged and discussed at every level.

Risk

The company operates in a dynamic business environment, in which new risks arise and others recede regularly. The Supervisory Board's task is to catalogue, understand, and monitor risk effectively. This involves discussing issues with management and employees, mapping and documenting risk management topics, and formulating advice for the Management Board. Specific risk affecting the IT or Trading environments is also discussed within the relevant committees.

Looking ahead

This year was an exceptional year for the company. Not only did Flow Traders successfully manage its entry onto Euronext Amsterdam, it realized substantial profit and volume growth. In 2016 the Supervisory Board's will continue its supervisory activities, including supervising the achievement of the company's objectives and the structure and operation of its internal risk management and control systems. As well as dealing with topics as and when they arise, we will also discuss the company's strategy; study the best ways to sustainably grow the company; look at the impact of competition; and follow all relevant regulatory developments.

Personal note

Finally, my five fellow board members and I would like to thank Flow Traders' employees around the world, all of whom have worked hard to make the company the success it is today. We look forward to working with and for the company in 2016.

Amsterdam, 17 March 2016

On behalf of the Supervisory Board,
Eric Drok
Chairman

Name *Pavel Charniauski*
Position *Regional Head of IT Asia, Singapore*
Nationality *Belarussian*
Education *Masters in System Analyzis; MBA in Finance*

OUR PEOPLE

‘Yes, I produced something meaningful in that period’

Who is Pavel Charniauski?
I’m a 31-year-old software developer from Minsk in Belarus. I studied for a Master’s degree in System Analyzis at the Belarussian State University, then followed that with a two-year MBA, specializing in finance. I first worked for Flow Traders a number of years ago.

What attracted you to Flow Traders?
I re-joined Flow Traders towards the end of 2015, after three years away. I came back because I love the company’s approach towards its employees, in terms of development and support, and I also really missed the people. When the company called and asked if I was interested in taking up a position in Singapore, I jumped at the chance.

What has most surprised you about the company since you joined?
Let’s put it this way: I think that nothing has changed since I left three years ago, in terms of the company’s attitude towards its people. It didn’t get older or younger. Everything was as open and friendly as it was when I used to work here. It really felt like coming home. It’s such a rare atmosphere. Everyone is equal. This is the only company I’ve been at where you can approach anyone and discuss your thoughts or ideas, and it doesn’t seem strange.

What are your future plans within the company?
Longer term, my ambition is to achieve something that I can look back on and say, ‘Yes, I produced something meaningful in that period.’ If I can make that happen within Flow Traders, I will be very happy.

In the shorter term, I’m looking forward to spending a few years in Singapore, ensuring that we keep up with the levels we want to reach. My plans are to make sure that the Singapore office becomes the leading office in the company, in terms of technology and progress. I’m not here to just do my job, I’m here to make a difference. That’s the reason I moved from my home to the other side of the planet

> SUPERVISORY BOARD REPORT

Meetings of the Supervisory Board

Prior to its constitution, the Supervisory Board members met three times to discuss matters concerning the company's IPO. The Supervisory Board also discussed a range of formal matters during these initial meetings, such as the company's proposed governance structure and related documentation, and organizational topics relating to the composition of the committees and recurrence of meetings. One of these sessions included a full day of induction and training sessions, during which the Management Board, other company representatives, and external specialists gave the members insight into the business and relevant legal topics, including the Dutch corporate governance code.

The Supervisory Board met three times following the IPO, with a dedicated session to discuss the company's strategy and associated risks. All meetings following the IPO were fully attended, with the Co-CEOs also attending each meeting. All meetings were held at the company's offices in Amsterdam.

Topics discussed

During the first meeting after the IPO, which was held in August, the Supervisory Board focused on the company's interim financial results and the Management's Board's assessment of the company's internal risk and control systems. Following a review of the company's risks assessment processes, the monitoring of the company's internal risk management and control systems has been identified as a priority and as a joint responsibility of the Supervisory Board and all committees. The members of the Supervisory Board have agreed that the Supervisory Board and each committee monitors risks identified as pertinent to their specific expertise. The assessment comprises an overview of all relevant risks the company is exposed to, the internal controls in place to address these risks, and the Management Board's views on such risks. This topic was discussed at committee level and with the Supervisory Board. During this meeting all members of the Supervisory Board took the financial sector oath as required under the Dutch Financial Supervision Act. Additionally, the Supervisory Board approved an interim dividend of €0.50 per share.

During the second meeting, which was held in November, the Supervisory Board discussed the company's third quarter results, contingency planning and its general remuneration policy (General Remuneration Policy). The company will be requesting the General Meeting to approve certain amendments to the company's General Remuneration Policy for the Management Board (which replicates remuneration principles applicable to other staff) at the company's Annual General Meeting on 19 May 2016. These changes reflect regulatory developments and aim to capture our overarching remuneration principles in a comprehensive manner, while providing the relevant corporate bodies with a mandate to update remuneration practices in accordance with requirements applicable from time to time. For more information please refer to the section Proposed changes to our General Remuneration Policy in the chapter on Remuneration. The Supervisory Board carefully considered and approved the budget for 2016, and chose to nominate Ernst & Young Accountants LLP as a candidate as auditor for the financial year 2016 to the General Meeting, following the recommendation of the Audit Committee.

'The company operates in a dynamic business environment, in which new risks arise and others recede regularly. The Supervisory Board's task is to catalogue, understand, and monitor risk effectively'

Recurring items included the company's financial results, industry related developments, and large investments. The Supervisory Board also discussed the Supervisory Board's contacts with employees, the company's Bilateral Contacts Policy and its financing strategy.

Evaluation of the Supervisory Board

Given the short term of office of the Supervisory Board since the IPO, no self-assessment of the functioning of the Supervisory Board and its committees was carried out in 2015. A self-assessment will be carried out in 2016.

Profile of the Supervisory Board

Our Supervisory Board profile provides that the qualifications of a particular candidate and fit with the company's needs shall always prevail when filling a position. In the selection of Supervisory Board members, the Supervisory Board aims for a balance in nationality, gender, age, experience, and active or retired backgrounds. In addition, there will be a balance in the experience and affinity with the nature and culture of the business of the company. The Supervisory Board strives to realize a diverse composition of the Supervisory Board in the nomination and appointment process for vacancies of its members, while taking into account the overall profile and selection criteria for appointments of suitable candidates to the Supervisory Board. As such, diversity, including gender-related, is an important consideration in the selection process for (re) appointment of Supervisory Board members.

Independence of the Supervisory Board

Our Supervisory Board profile provides that, given the highly specialized and competitive nature of the Company's business activities, certain members of the Supervisory Board should preferably have a broad and in-depth knowledge of its business activities and the fast paced environment in which it operates. Jan van Kuijk, Roger Hodenius and Han Sikkens, as former board members and shareholder representatives, were attracted for their role as Supervisory Board members because of their specific business-related expertise. All Supervisory Board members, except for one member, should be independent within the meaning of the Dutch corporate governance code. Jan van Kuijk, Roger Hodenius and Han Sikkens do not qualify as independent under the provisions of the Dutch corporate governance code as they are all former members of the Management Board of the company prior to conversion and represent shareholders of the company. For further information, reference is made to the section on Major Shareholders in the chapter on Our Corporate Governance.

Committees

The Supervisory Board has four committees: an Audit Committee, a Remuneration and Appointment Committee, a Trading and Risk Committee, and a Technology Committee. Each committee has a preparatory and/or advisory role to the Supervisory Board. The composition of the committees is as follows:

Audit Committee	Remuneration & Appointment Committee	Trading & Risk Committee	Technology Committee
Olivier Bisserier (Chairman)	Rudolf Ferscha (Chairman)	Roger Hodenius (Chairman)	Jan van Kuijk (Chairman)
Eric Drok	Eric Drok	Olivier Bisserier	Olivier Bisserier
Jan van Kuijk	Roger Hodenius	Rudolf Ferscha	Roger Hodenius
Han Sikkens	Jan van Kuijk	Jan van Kuijk	Han Sikkens

Olivier Bisserier, as Chairman of the Audit Committee, is a financial expert as set out by the Dutch corporate governance code. Both the chairman of the Audit Committee and the chairman of the Remuneration and Appointment Committee qualify as independent under the provisions of the Dutch corporate governance code. The Trading and Risk Committee and Technology Committee have been established to cater for the monitoring of and advising on specific business related topics topics and reflect our business model of Pricing, Cutting-Edge Technology Platform and Risk Management Focus. These Committees are chaired by the founders and former Management Board members of the company. For more information on the responsibilities of our committees, please refer to Our Corporate Governance.

The committees report to the Supervisory Board by sharing their advice and recommendations during the Supervisory Board meetings and by circulating the minutes of the meetings or reports. All meetings were held at the company's offices in Amsterdam.

Audit Committee

The Audit Committee met three times in 2015, with each meeting fully attended. Other attendees included Co-CEO Dennis Dijkstra and the Global Heads of Finance and Tax.

During two of these meetings, the interim financial results and the third quarter financial results were discussed. Other topics discussed included the Management's Board's assessment of the company's internal risk and control systems, new and proposed legislative initiatives related to accounting, auditing and financial reporting, tax planning, the company's compliance with rules and regulations, the company's Code of Conduct and Whistleblower Policy, and the company's financing strategy (including the interim dividend proposal). As the external auditor, KPMG Accountants N.V. (KPMG) attended both meetings. Topics discussed with the External Auditor included their unqualified interim review report, their Audit Plan, and transition planning for the financial year 2016. The Audit Committee reviewed the management letter issued by the External Auditor and actions taken by management to address the recommendations and observations of the External Auditor.

External auditor

The Audit Committee and the Management Board reported to the Supervisory Board on KPMG's functioning as external auditor and on its fees, as well as other audit and non-audit services it provided to the company. KPMG performed a review of the company's interim financial statements as at 30 June 2015, and issued an unqualified review report. The Audit Committee evaluated the qualifications, performance and independence of the External Auditor, taking into account the opinions of the Management Board. The Audit Committee furthermore obtained a report from the external auditor regarding, among others, its internal quality control procedures. KPMG confirmed its independence from Flow Traders in accordance with the professional standards applicable to KPMG. KPMG's lead audit partner was present at all of the Audit Committee meetings held in 2015, except for the dedicated meeting held in October on the request for proposal (RFP) process for the selection of Flow Traders' new auditor.

One of the meetings of the Audit Committee was dedicated to the RFP process for the selection of a proposed new auditor for the financial year 2016. In accordance with then applicable Dutch legislation[1] Flow Traders was required to rotate auditing firms per the financial year 2016.

Flow Traders initiated the tender process shortly after the IPO. On the basis of the proposals submitted by the firms, the presentation of the teams, references that were obtained and the proposed transition plans, the Audit Committee concluded that Ernst & Young Accountants LLP would be the most appropriate candidate.

Following the recommendation of the Audit Committee and the Management Board, the Supervisory Board proposes to the General Meeting to appoint Ernst & Young Accountants LLP as the new independent auditor for Flow Traders N.V. to audit the financial year 2016.

[1] *Until recently, a listed company was legally required to rotate its auditor after eight years of auditing services, as of 1 January 2016. This rule has been abolished by the Dutch government and longer periods set out in EU regulations now apply. The rule was only abolished after the RFP process had already been initiated by a number of Dutch listed companies, including Flow Traders.*

Review internal audit function

The company is intensely focused on risk management and monitors its activities on a real-time, fully automated basis using its robust risk management framework. Flow Traders' trading professionals, who closely monitor the trading system, are the company's first line of defense. The Risk and Mid-Office, Compliance and Finance departments serve as other internal lines of defense. In addition, exchanges and prime brokers provide various risk controls, monitoring, and data that the company can use to reconcile its own records, while the regulators and other professional parties query the company from time to time in respect of, amongst other things, processes and risk controls. The Audit Committee initiated a review process in November to investigate whether the company required an internal audit function. Around the same time, the company initiated its investigation of setting up an internal audit function. This has led to the decision to set up an internal audit function within the company's organization. The company is currently in the process of setting up such internal audit function. For more information, please refer to the section on Compliance with the Dutch corporate governance Code in the chapter on Our Corporate Governance.

Remuneration and Appointment Committee

The Remuneration and Appointment Committee met once in 2015, which was fully attended. Other attendees included the Co-CEOs and the Global Head of Legal and Compliance. During the meeting the Remuneration and Appointment Committee established its ways of working together, and discussed the company's General Remuneration Policy. The Remuneration and Appointment Committee discussed and formulated proposed changes to the company's General Remuneration Policy to the Supervisory Board. These changes reflect regulatory developments and aim to capture our overarching remuneration principles in a comprehensive manner, while providing the relevant corporate bodies with a mandate to update remuneration practices in accordance with requirements applicable from time to time. For more information please refer to the section Proposed changes to our General Remuneration Policy in the chapter on Remuneration. The company also provided the Remuneration and Appointment Committee with an update on recruitment and regulatory developments in the field of remuneration.

Trading and Risk Committee

The Trading and Risk Committee met twice in 2015, with each meeting fully attended. The main focus of both meetings was the Management Board's risk assessment. Given the importance of this topic, all Supervisory Board members and the Co-CEOs attended both meetings. Other attendees included the Global Head of Trading and the Global Head of Risk and Mid-Office. The attendees discussed in detail the relevant risks the company is exposed to, the internal controls in place to address these risks, and the Management Board's views on such risks. The Trading and Risk Committee was also briefed by the Global Head of Trading on developments in the Trading department, including growth areas and budget matters. Additionally, the Trading and Risk Committee set about structuring itself in terms of scope of reference, reporting lines, and attendance of invitees. To keep reporting lines as short as possible, the Global Head of Trading and the Global Head of Risk and Mid-Office are expected to attend each meeting.

Technology Committee

The Technology Committee met twice in 2015, with each meeting fully attended. The Management Board was represented at both meetings. Other attendees included the relevant Global Heads. The Technology Committee discussed the company's IT budget for 2016, IT-related investments and expenses, and the main technology-related risks facing the company. Recurring items were the state of the company's hardware, software, innovation, cyber-security, and HR-related topics. Hiring new technology talent remains a challenge, with many companies competing for the same people. To help address this issue, the company expanded its in-house recruitment team. As with the Trading and Risk Committee, the Technology Committee set about structuring itself in terms of scope of reference, reporting lines, and attendance of invitees. To keep reporting lines as short as possible, the relevant Global Heads are expected to attend each meeting.

Remuneration report

The remuneration of our Co-CEOs consists of a relatively modest fixed base salary and a variable compensation in cash. The awarding of variable remuneration to the members of the Management Board – as well as to all employees - is entirely dependent on the company's profit in any given year. In that sense, our remuneration policy works as risk mitigating tool and a self-correcting mechanism. If there is no profit, this simply means that no variable remuneration will be awarded. If there *is* a profit, the variable remuneration awarded to all employees and the Management Board is capped at 40% of Flow Traders' operating profits result over the performance year minus applicable adjustments (e.g. taxes, capital charges and extraordinary items), which historically amounts to approximately 36% of our operating result. If the company incurs a loss, deferred variable remuneration is reduced or forfeited entirely. In accordance with the global remuneration model in place for all employees, the members of the Management Board are entitled to annual variable compensation based on performance in respect of individual criteria and the contribution to the success of the company as whole. These criteria reflect quantitative and qualitative criteria related to non-financial performance. Variable remuneration, if awarded, is paid in cash in instalments and may be reduced or clawed back under circumstances described in the Remuneration Act, Dutch corporate law and the Dutch corporate governance code. Please see the section on the Remuneration of the members of the Management Board in the chapter on Remuneration for a more detailed description.

Financial Statements and Dividend

The financial statements for 2015 were prepared by the Management Board. These were discussed both with the Audit Committee and the Supervisory Board, in attendance of KPMG Accountants N.V. (KPMG). The financial statements were audited by KPMG, who issued an unqualified auditor's report. Reference is made to the auditor's report on page 102 of the financial statements. The Supervisory Board approved the financial statements as audited by KPMG, including the company's dividend proposal. We invite the General Meeting to:

- adopt the financial statements for 2015;
- adopt the dividend proposal as proposed by the Management Board and approved by the Supervisory Board;
- discharge the Management Board for their management and the Supervisory Board for its supervision of the company in the financial year under review; and
- approve the proposed changes to the company's General Remuneration Policy.

Thank you

Finally, the Supervisory Board would like to thank the members of the Management Board and all of Flow Traders' employees for their tireless efforts and resilience. We can look back on a fantastic year with great achievements, both in terms of the IPO as well as operational excellence. We look forward to a full year of working together in 2016.

Amsterdam, 17 March 2016

Eric Drok
Jan van Kuijk
Olivier Bisserier
Rudolf Ferscha
Roger Hodenius
Han Sikkens

OUR PEOPLE

'The company has a knack for developing your natural talents'

What is your background, Aisha?
I was born and raised in Amsterdam. My dad is from Morocco, and my mom is Dutch. After high school I studied Psychology, mainly because I've always had a natural interest in people. While at university I spent a year in the United States studying journalism, and then a year working on a psychology internship in the Dutch Antilles. After graduating I knew I wanted to work with people, and moved into the recruitment business as a consultant. I grew quickly within the company, and when I left was managing a team of seven in a division that I had set up.

What attracted you to Flow Traders?
The company was recommended to me by a friend who works here. She told me there was a job opening as an SBL Trader and, although I didn't have the classic financial background, she thought I would be a natural fit. She was right! There was a real click during the interviews, and they offered me a position. I work in the Risk and Mid-Office department, ensuring that when traders' need to borrow stock, for example to cover a hedge, it's arranged with our clearing banks. I've only been here for a few months, but the company has a knack for developing your natural talents.

What has most surprised you about the company since you joined?
That it's nothing like the stereotypical image of a trading firm. There's no arrogance, or macho posturing. And there's such a wide variety of people across the company: extroverts and introverts; a range of nationalities and cultures; people with different educations and backgrounds. People want to know about you, and everyone's role in the company is valued. The traders don't act like the rock stars of the company, and that's great for team spirit.

What are your future plans within the company?
I'm really excited about my future at the company. I've worked in a few different areas already, providing trouble-shooting when needed, and I want to continue in the same way. I want to use my talents in the best manner possible, and I love the fact that there's the freedom and openness to move within the company. I've already had discussions with my manager about the future, and he's very open about possible new learning opportunities

> SUPERVISORY BOARD REPORT

Remuneration

We want to attract and retain the best talent available. At the same time we believe in our contribution to society at large. We do this by providing liquidity to financial markets globally. By providing liquidity in thousands of Exchange Traded Product listings, as well as similar financial products, we continuously quote bid and ask prices on trading venues in all time zones. This benefits investors through increased liquidity, higher execution quality, and lower overall trading costs. Our liquidity provision contributes to more efficient and transparent financial markets. We also provide high-quality jobs in the countries in which we operate, while remaining committed to abiding by applicable regulations at all times.

Introduction

Our global remuneration model reflects these principles by practically implementing our general remuneration policy as approved by the General Meeting and published on our website (the General Remuneration Policy), the Dutch Act on Remuneration Policy of Financial Undertakings (*Wet Beloningsbeleid Financiële Ondernemingen*, the Remuneration Act), and related laws and regulations in a manner that is tailored to the size of our enterprise and the way it is organized, as well as the nature, scope and complexity of our business activities.

Our global remuneration model applies to all employees, from back-office to management, from Amsterdam to Cluj to New York to Singapore. At the heart of our incentives lies our risk mitigating way of doing business. We do not accept unethical or illegal behavior under any circumstances. We defer variable remuneration to remain fully at risk for future profitability of the company. We do not award variable remuneration if there is no or insufficient profit or capital to do so.

We not only create transparency in the financial markets, we also firmly believe in being transparent. Our global remuneration model provides for a detailed, transparent awarding procedure with appropriate checks and balances and publication requirements. The company has discussed the company's remuneration model with major shareholder representatives and shareholder representative bodies.

Our global remuneration model

Our global remuneration model implements the General Remuneration Policy, the Remuneration Act and related laws and regulations in practice, in a manner that is tailored to the size of our company and the way it is organized. It takes into account the nature, scope and complexity of our business activities and is consistent with, and promotes, sound and effective risk management. It encourages alignment of the risks taken by employees and of the company itself, and does not encourage risk taking which is inconsistent with our risk profile. It is in line with our business strategy, objectives, values and interests and includes measures to avoid conflicts of interest. Finally, it must not lead to the risk that third parties are treated improperly (although we do not provide any investment service or ancillary service to third parties).

We are committed to attracting and retaining the best talent available. Our staff, including the members of the Management Board, receive competitive remuneration packages. This includes a fixed gross salary and an award from the singular firm-wide variable remuneration pool. The remuneration pool is accrued throughout the year at 40% of Flow Traders' operating result over the performance year minus applicable adjustments (e.g. taxes, capital charges and extraordinary items), reflecting company performance. Historically this amounts to approximately 36% of our operating result. The variable component of the total remuneration is dynamic as it is a function of operating result: if there is no or insufficient profit or capital, there will be no variable remuneration. For example, if in any given year no profit is made, none of our employees will receive any variable remuneration. If the company incurs a loss, deferred variable remuneration is reduced or forfeited entirely. The same applies to members of the Management Board.

We apply an annual performance cycle. At the beginning of each calendar year clear objectives are set depending on an employee's role, which are in line with our objectives for the year and corporate key competencies: drive, ownership and teamwork. Performance is reviewed during mid-year and year-end staff appraisals.

Individual variable remuneration is dependent on company and business unit performance, individual performance and the contribution to the success of the company as a whole, discouraging a culture of 'star' behavior and fostering collaboration and teamwork. Flow Traders does not base variable remuneration on financial results achieved individually. The Supervisory Board approves the awarding of variable remuneration.

If awarded, variable remuneration is paid in cash in two instalments for most recipients – 50% is paid in the year following the performance year, and 50% is deferred for another year. The deferred variable component acts as a first loss tranche to compensate any operating loss in the subsequent year, before such loss would impact shareholder equity. This serves as an important incentive for risk-aware behavior, the long-term objectives of the company and alignment with our risk appetite. We deem the deferral period sufficient given the company's risk profile and horizon, although regulatory developments have led to a proposed extension of 3 instalments instead of 2 instalments for certain senior employees from 1 January 2016 onward. For more information see the section below on proposed changes to our general remuneration policy. Variable remuneration components may become subject to reduction or clawback if it is determined that the relevant employee or member of the Management Board did not meet adequate norms of competence and appropriate behavior or was responsible for behavior that led to a substantial deterioration of the company's position, in accordance with applicable law.

'We believe that our remuneration model promotes prudent behavior and risk awareness'

We do not award guaranteed variable remuneration to employees unless the guaranteed variable component is awarded in relation to hiring new staff, limited to the first year of employment, and only if we have a sound and strong capital base. We do not award severance payments if there is a serious imputable act or negligence by the employee in the fulfilment of his or her function or where an employee resigns voluntarily (unless this is the consequence of a serious imputable act or negligence *(ernstig verwijtbaar handelen of nalaten)* by the company). Employees do not receive any shares or loans from the company as part of their compensation package. We have not reserved or accrued any amounts to cover pension claims or retirement claims. We do not provide any other ancillary benefits for any employee.

Proposed changes to our general remuneration policy

Our current General Remuneration Policy was adopted by our General Meeting on 9 July 2015 and is posted on our website. The company will be requesting the General Meeting to approve certain amendments to the company's General Remuneration Policy for the Management Board (which replicates remuneration principles applicable to other staff) at the company's Annual General Meeting (AGM) on 19 May 2016. These changes reflect regulatory developments and aim to capture our overarching remuneration principles in a comprehensive manner, while providing the relevant corporate bodies with a mandate to update remuneration practices in accordance with requirements applicable from time to time. The proposed changes to our General Remuneration Policy, together with other AGM related documentation, are published on www.flowtraders.com/investors.

As far as these mandates are concerned, it is proposed that the Supervisory Board is responsible for the implementation of the General Remuneration Policy in respect of members of the Management Board. It is further proposed that the Management Board is primarily responsible for the implementation of the General Remuneration Policy in respect of employees. Implementation at each level must be consistent with the General Remuneration Policy and applicable laws and regulations.

The proposed amendments also specify how our variable remuneration pool is calculated: 40% of Flow Traders' operating result over the performance year minus applicable adjustments (e.g. taxes, capital charges and extraordinary items) are available for variable remuneration components. Historically this amounts to approximately 36% of our operating result.

One of the main regulatory items that will be implemented by the relevant corporate bodies after having obtained approval from the General Meeting is that variable remuneration will be paid out in 3 instalments instead of 2 instalments for certain senior employees from 1 January 2016 onward. A second addition is that malus and claw-back provisions will now apply group-wide, in accordance with the Remuneration Act.

Remuneration of the members of the Management Board

Introduction

This section constitutes the remuneration report prescribed by best practice provision II.2.12 of the Dutch corporate governance code. The remuneration of, and other agreements with, the members of the Management Board are required to be determined by the Supervisory Board with due observance of the General Remuneration Policy and applicable laws and regulations. The Supervisory Board has assessed the remuneration of the Management Board members against the remuneration of the chief executives of a set of peer companies.

The remuneration of our Co-CEOs, appointed at the level of Flow Traders N.V. on 9 July 2015 just prior to our IPO, consists of a relatively modest fixed base salary and a variable remuneration in cash. The table below shows the total remuneration awarded to the individual members of the Management Board over 2015:

	Dennis Dijkstra, Co-CEO	Sjoerd Rietberg, Co-CEO
Gross fixed base salary 2015	€94,608	€94,608
Variable remuneration 2015, to be paid out in 2 instalments (see Adjustments to variable remuneration below)	€3,043,000	€3,043,000
Total	**€3,137,608**	**€3,137,608**

Fixed remuneration

Both members of the Management Board were awarded a gross fixed base salary of €94,608 over 2015.

Variable remuneration

Based on actual performance over 2015, both members of the Management Board were awarded a variable remuneration of €3,043,000. The awarding of variable remuneration to the members of the Management Board – as well as to all employees – is entirely dependent on the company's profit in any given year. In that sense, our remuneration policy works as risk mitigating tool and a self-correcting mechanism. If there is no profit, this simply means that no variable remuneration will be awarded. If there is a profit, the variable remuneration awarded to all employees and the Management Board is capped at 40% of

Flow Traders' operating result over the performance year minus applicable adjustments (e.g. taxes, capital charges and extraordinary items), which historically amounts to approximately 36% of our operating result. If the company incurs a loss, deferred variable remuneration is reduced or forfeited entirely.

In accordance with the global remuneration model in place for all employees, the members of the Management Board are entitled to annual variable remuneration based on performance in respect of individual criteria and the contribution to the success of the company as whole. These criteria reflect quantitative and qualitative criteria related to non-financial performance. Financial performance indicators are already integrated into the self-correcting mechanism described above: the variable remuneration of the members of the Management Board will be a direct reflection of company performance, adjusting remuneration to actually realized company performance.

Adjustments to variable remuneration

Variable remuneration to members of the Management Board, if awarded, is paid in cash in 2 instalments and may be reduced or clawed back under circumstances described in the Remuneration Act. As explained in the section above on our global remuneration model, the deferred variable component acts as a first loss tranche to compensate any operating loss in the subsequent year, before such loss would impact shareholder equity. If the company incurs a loss, deferred variable remuneration is reduced or forfeited entirely. Regulatory developments have led to a proposed extension of 3 instalments instead of 2 instalments for certain senior employees from 1 January 2016 onward, including members of the Management Board.

For more information see the section above on proposed changes to our General Remuneration Policy.

In addition to the reduction and clawback provisions of the Remuneration Act, Dutch law and the Dutch corporate governance code provide that the remuneration of the members of the Management Board may be reduced or they may be obliged to repay (part of) their variable remuneration to the company if certain circumstances apply.

Pursuant to the Dutch corporate governance code and applicable laws and regulations, any variable remuneration component conditionally awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been applied, the Supervisory Board will have the power to adjust the value downwards or upwards. In addition, the Supervisory Board will have the authority under the Dutch corporate governance code and applicable Dutch law, including the Remuneration Act, to recover any variable remuneration awarded from a member of the Management Board on the basis of incorrect financial or other data (clawback). In addition, variable remuneration components may become subject to clawback and malus pursuant to the Remuneration Act and related regulations. Pursuant to Dutch law, the Supervisory Board may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to requirements of reasonableness and fairness.

Performance criteria for variable remuneration

The variable remuneration awards to the members of the Management Board are determined on the basis of the following principles.

- Firstly, the maximum variable remuneration is set by the Supervisory Board within the limits of the firm-wide variable remuneration pool for a given year. As set out above, the pool historically amounts to approximately 36% of operating result and is directly contingent upon positive operating results;
- Secondly, within those limits the variable remuneration is determined annually on the basis of a performance management framework. This framework translates Flow Traders' strategic business objectives into predetermined, assessable performance criteria that can be influenced by the Management Board's performance within a Balanced Performance Scorecard. This Scorecard is composed of four non-financial focus areas, which aim to robustly assess the Management Board member's performance within Flow Traders' operating environment and stakeholder interests. These four areas comprise Growth, External Relationships, Internal Processes / Excellence, and People and Culture.

Analyses carried out in respect of variable remuneration

Best practice provisions II.2.1 and II.2.2 of the Dutch corporate governance code provide that scenario analyses are to be conducted in order to analyze the possible outcomes of the variable remuneration components. The variable remuneration of the members of the Management Board is contingent upon a future, unknown, metric: the accrued firm-wide variable remuneration pool which itself depends on operating result for the given financial year.

Because of the nature of our business activities and the fast paced industry in which we operate, the Supervisory Board tracks actual performance of the Management Board members and eligibility for variable remuneration throughout the year, rather than performing a more hypothetical scenario analysis prior to a financial year while performing a single, one-off, assessment at the end of the year as set out in the best practice provisions. Quarterly discussions take place between the Management Board members and the Remuneration and Appointment Committee for this purpose. In this manner the Supervisory Board regularly assesses the performance indicators and the potential resulting variable remuneration for the Management Board members.

As mentioned, compensation of the members of the Management Board is limited to a relatively modest fixed remuneration component and a variable component depending on operating result actually being realized only. They did not receive share-based remuneration or other elaborate incentive schemes. This limits the number of scenarios to be meaningfully assessed as prescribed by the best practice provisions.

No shares, pensions, loans and other benefits

In 2015 the members of the current and previous Management Board did not receive any shares and no loans were granted by the company to the members of the current or previous Management Board as part of their compensation package. We have not reserved or accrued any amounts to cover pension claims or retirement claims. We do not provide any other ancillary benefits for any member of the Management Board.

Limited severance payments

We do not award severance payments to members of the Management Board that exceed 100% of their annual fixed remuneration, and do not award severance payments if there is a serious imputable act or negligence by the employee in the fulfilment of their functions, where they resign voluntarily (unless this is the consequence of a serious imputable act or negligence (*ernstig verwijtbaar handelen of nalaten*) or failure by the company), and we do not intend to award such payments in the future. In addition relevant limitations apply under the Remuneration Act.

Previous members of the Management Board

Prior to their resignation as Management Board Members and appointment as Supervisory Board members on 9 July 2015, the Management Board consisted of Roger Hodenius, Jan van Kuijk and Han Sikkens. The table below shows the total remuneration awarded to the individual members of the Management Board prior to the IPO:

	Roger Hodenius	Jan van Kuijk	Han Sikkens
Gross fixed base salary 2015	€25,000	€25,000	0
Variable remuneration 2015	0	0	0

Remuneration of the members of the Supervisory Board

The members of the Supervisory Board were appointed on 9 July 2015, just prior to our IPO. The General Meeting determines the remuneration of the members of the Supervisory Board following a proposal by the Supervisory Board. The remuneration of the members of the Supervisory Board consists of a fixed base salary and cannot be dependent upon the company's results.

None of the members of the Supervisory Board may receive shares, options for shares or similar rights to acquire shares as part of his or her remuneration. None of the members of the Supervisory Board may hold shares, options for shares or similar securities other than as a long-term investment. The members of the Supervisory Board may also not hold such securities, other than in accordance with the rules on holding or transacting in the company's securities. Members of the Supervisory Board may not accept personal loans or guarantees from the company, other than in the normal course of business and subject to the prior approval of the Supervisory Board.

Fixed gross compensation

The table below shows the total fixed compensation awarded to the individual members of the Supervisory Board following the IPO. There are no separate committee fees.

	Fixed compensation per annum	Pro rata fixed compensation for 2015
Eric Drok	€75,000	€37,500
Jan van Kuijk	€50,000	€25,000
Olivier Bisserier	€50,000	€25,000
Rudolf Ferscha	€50,000	€25,000
Roger Hodenius	€50,000	€25,000
Han Sikkens	€50,000	€25,000

No variable remuneration shares, pensions, loans and other benefits

The members of the Supervisory Board did not receive variable remuneration for their work as members of the Supervisory Board or any share-based remuneration and no loans were granted by the company to the members of the Supervisory Board as part of their compensation package. We have not reserved or accrued any amounts to cover pension claims or retirement claims. We do not provide any other ancillary benefits for any member of the Supervisory Board.

Remuneration disclosures

In 2015, the total amount of variable remuneration awarded to all employees including members of the Management Board was €87,920,000. The table below sets out the number of employees that were awarded an annual remuneration of €1 million or more and the respective business unit for which they have mainly conducted their activities. Payment remains subject to deferral and potential clawback or forfeiture under the circumstances set out above, including where the company would incur a loss.

Business Unit	Number of employees to whom an annual remuneration of €1 million or more was awarded
Europe	20
Americas	8
Asia	4

Remuneration regulations are subject to change. We are continuously monitoring such changes but currently cannot assess in full what the exact implementation or impact of such changes will be. Changes may have a significant impact on the General Remuneration Policy, our global remuneration model and other remuneration practices of the company and its group companies. It may also impact the ability to attract or retain talent given the global and highly competitive nature of our industry.

‘It’s nothing like the stereotypical image of a trading firm’

Aisha Belghazi
Securities Borrowing & Lending (SBL) Trader, Amsterdam

Our Corporate Governance

We operate a two-tier governance structure, consisting of a Management Board and a Supervisory Board. The Management Board is responsible for the day-to-day management of the company, formulating strategies and policies, and setting and achieving our objectives. The Supervisory Board supervises and advises the Management Board. Each board is accountable to the General Meeting for the performance of its duties. Our governance is reflected in our internal rules and regulations, including our Articles of Association, Management Board By-Laws, Supervisory Board By-Laws, and the Terms of Reference of our Supervisory Board committees. These, together with our policies, can be found on our website (www.flowtraders.com/about-us/our-corporate-governance).

Management Board

General

Our Management Board consists of two members who carry the title Co-CEO. They are jointly authorized to represent the company. This structure is in line with the 4-eyes principle we operate across the company, whereby two people must sign off on significant business decisions. The Management Board is charged with the management of the company, subject to the limitations set out in the Articles of Association. It is required to be guided by the interests of the company and our business enterprise, taking into consideration the interests of the company's stakeholders, including our employees and our shareholders. Before the Management Board can approve any resolutions entailing a significant change in the identity or nature of the company or what we do, it must obtain the approval of the General Meeting. The Management Board also has to obtain the approval of the Supervisory Board for a number of resolutions specified in the Management Board By-Laws.

Appointing and dismissing Management Board members

The Supervisory Board makes a non-binding nomination in case a member of the Management Board is to be appointed, suspended, or dismissed. The General Meeting appoints the members of the Management Board following the nomination proposal by the Supervisory Board by an absolute majority of the votes cast, representing more than one third of the issued capital of the company. The General Meeting dismisses the members of the Management Board upon a proposal by the Supervisory Board by an absolute majority of the votes cast. If there is a tie of votes within the Supervisory Board meeting on the proposed nomination, suspension, or dismissal, the General Meeting shall decide. Appointment of a candidate other than as proposed by the Supervisory Board, as well as the suspension or dismissal of a Management Board member other than as proposed by the Supervisory Board, requires an absolute majority of the votes cast at the General Meeting, representing at least 50 percent of the issued capital of the company. Management Board members are appointed for a term of not more than four years. Any (re)appointment of a member of the Management Board must be approved by the Dutch Central Bank (DNB). Management Board By-Laws apply.

Supervisory Board

General

The Supervisory Board supervises the Management Board and the general course of affairs of the company and its business enterprise. The Supervisory Board considers the organizational structure of the company as a whole, as well as general and financial risks and the internal risk management and control systems. In performing its duties, the Supervisory Board acts in accordance with the interests of the company and takes the relevant interests of the company's stakeholders into account. The Supervisory Board is responsible for the quality of its own performance, which is reviewed annually. In 2015 the Supervisory Board consisted of six members (our Articles of Association state a minimum of three).

Appointing and dismissing Supervisory Board members

The Supervisory Board makes a non-binding nomination in case a member of the Supervisory Board is to be appointed, suspended, or dismissed. The General Meeting appoints members of the Supervisory Board following the nomination by the Supervisory Board by an absolute majority of the votes cast, representing more than one third of the issued capital of the company. The General Meeting dismisses the members of the Supervisory Board upon a proposal by the Supervisory Board by an absolute majority of the votes cast. If there is a tie of votes within the Supervisory Board meeting on the proposed nomination, the General Meeting decides. Appointment of a candidate other than as proposed by the Supervisory Board, as well as the suspension or dismissal of a Supervisory Board member other than as proposed by the Supervisory Board, requires an absolute majority of the votes cast at the General Meeting, representing at least 50 percent of the issued capital of the company. Supervisory Board members will be appointed for a term of not more than four years. Any (re) appointment of a member of the Supervisory Board must be approved by DNB. Supervisory Board By-Laws apply.

Internal organization

Committees

The Supervisory Board has four committees: an Audit Committee, a Remuneration and Appointment Committee, a Trading and Risk Committee, and a Technology Committee. Each of the committees has a preparatory and/or advisory role to the Supervisory Board. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making. For each Committee, Terms of Reference apply.

Audit Committee

The Audit Committee discusses the quarterly, interim, and annual figures and supervises the provision of the company's financial information. It also advises the Supervisory Board on the nomination of the external auditor, who is appointed by the General Meeting. It is in regular contact with the external auditor and monitors the auditor's independence. In addition to advising the Management Board on tax matters and financing, it is also responsible for supervising relevant legislation and regulations and codes of conduct. In principle, Co-CEO Dennis Dijkstra and the Global Heads of Finance and Tax are present at each meeting.

Remuneration and Appointment Committee

The Remuneration and Appointment Committee drafts proposals for the company's remuneration policy.
It proposes the remuneration of the individual members of the Management Board to the Supervisory Board, and reviews the proposal of the Management Board of the annual remuneration and bonuses of all employees. It is also responsible for carrying out annual assessments of the individual members of the Supervisory Board and the Management Board. If and when necessary, the Remuneration and Appointment committee drafts proposals for (re)appointments and drafts selection criteria and appointment procedures for the Supervisory Board and Management Board. Depending on the topics discussed, the Co-CEOs and/or relevant Global Heads will be invited to the meetings of the Remuneration and Appointment Committee.

Trading and Risk Committee

The duties of the Trading and Risk Committee include supervising and monitoring the operation of our internal risk management and control systems, and advising the Management Board on these operations. It reviews the company's risk assessment processes, at least annually. The committee also monitors the manner in which the company's risk management function is provided with (adequate) resources and appropriate access to information, bearing in mind that it should be able to function sufficiently independent from management. The Trading and Risk Committee is also responsible for providing advice to the Management Board on the company's development, performance and sustainability of its trading strategies.
It maintains regular contact with our Trading and Risk and Mid-Office departments. The Global Heads of these departments are, in principle, present at each committee meeting.

Technology Committee

The Technology Committee is responsible for reviewing the company's technology budget, supervising the operation of the company's security systems, and assessing the state of the company's technology in terms of competitiveness and functionality at least once a year. It also supervises the Management Board on the operations of the Company's security systems and related risks. It maintains regular contact with our Technology department. The relevant Global Heads are, in principle, present at each committee meeting.

OUR PEOPLE

'You're given the time to think and develop ideas'

Name ***Kiran Kolli***
Position ***Software Developer, Amsterdam***
Nationality ***Indian***
Education ***Bachelor's in Mechanical Engineering, NIT India***

What is your background, Kiran?
I graduated in 2004 with a Bachelor's degree in Mechanical Engineering from the National Institute of Technology in India. My first job was with an automotive firm, but fairly quickly I realized that that environment wasn't for me. My next position was as a consultant with a technology firm, assigned to a banking client. The financial world provided the type of fast-paced challenges I was looking for, and after a couple of years I joined an investment bank in Bangalore, where I spent six years. It was an exciting period, with my last project helping to establish the bank's Warsaw office. From there I moved to Amsterdam, and Flow Traders.

What attracted you to Flow Traders?
Initially it was the fact that it's a financial technology company, because I wanted to continue working as a developer in the financial sector. Then during my first interview it became clear that while this is a very grown up company, it also rewards independent thinking and entrepreneur-ialism. That struck me as being a rare combination. Now, having been here six months, I'd say my initial impressions were correct. One of the company's great strengths is the freedom people have to put forward suggestions. You can knock on anyone's door and ask for help, advice, or to brainstorm ideas. If it's good, then it gets taken further.

What has most surprised you about the company since you joined?
A couple of things. First, that people respect the fact that you're working on a project and give you the space to focus on it. In previous jobs I had to jump from project to project, while here no one disturbs you. You're given the time to think and develop ideas, which improves the quality of the results. Second, how easy it is to integrate. The company is multi-national, and you work and socialize with people from different backgrounds and cultures. I have team members from Russia, India, Argentina, Germany, the Netherlands and other places.

What are your future plans within the company?
The main one is to continue learning and working on interesting topics. The project I'm working on currently enables us to incorporate regulatory requirements into trading functionality, and will last well into 2016. But I can see myself working on something similar in the future, as we're constantly updating and adapting our systems to stay ahead of regulatory developments

General Meeting

Flow Traders is required to hold a general meeting of shareholders (General Meeting) within six months of the end of the financial year. The agenda for this meeting includes the adoption of the annual accounts; the content of the annual report covering the previous year's financial business; the policy of the company on additions to reserves and on distributions of profits; any proposal to distribute profits; filling vacancies on the Management Board; proposals placed on the agenda by the Management Board; and the release from liability of the members of the Management Board and the Supervisory Board for their performance during the financial year.
General Meetings can also be held as often as the Management Board or the Supervisory Board deem necessary. A General Meeting shall be convened in case of a decision entailing a significant change in the identity or character of the company or its business.

One or more shareholders representing at least the statutory threshold of 3% of the voting rights are entitled to request that the Management Board place items on the agenda of a General Meeting. Such a request must be honored by the Management Board provided that the request is received in writing at least 60 days before the date of such a meeting. Extraordinary General Meetings will be held if the Management Board or the Supervisory Board is requested to that effect in writing by one or more holders of shares (or holders of rights in rem (*beperkte rechten*) who also hold the voting rights in relation to those shares) individually or jointly representing 10% or more of the issued capital, specifying the details to be discussed.

Our first Annual General Meeting will be held on 19 May 2016 in Amsterdam, the Netherlands. More information is available on our website, www.flowtraders.com/investors.

Voting rights

Each share confers the right to cast one vote in the General Meeting. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Votes representing shares can be cast at the General Meeting either in person or by proxy. These proxies can be granted electronically or in writing to the company or to independent third parties.

Amendment to the Articles of Association

The General Meeting may pass a resolution to amend the articles of association or to wind up the company, with an absolute majority of the votes cast. This can only be done if the Management Board has proposed to amend the articles or wind up the company. The proposal has to be approved by the Supervisory Board.

When a proposal to amend the articles of association or to wind up the Company is made to the General Meeting, the intention to propose such resolution must be stated in the relevant notice convening the General Meeting. If it concerns an amendment to the articles of association, a copy of the proposal in which the proposed amendment is quoted verbatim must at the same time be deposited at the company's offices and this copy shall be made available for inspection by the shareholders until the end of the General Meeting.

Issue of Shares

Shares are issued by a decision of the Management Board. This decision must be approved by the Supervisory Board. The Management Board has been granted the authorization to issue shares by the General Meeting on 9 July 2015. This authorization also includes granting rights to subscribe for shares and restricting and/or excluding statutory pre-emptive rights in relation to the issuances of shares or the granting of rights to subscribe for shares. Within the scope of this authorization, the Management Board is allowed to issue shares (i) up to a maximum of 10% of the outstanding share capital as of the settlement date of our IPO, 14 July 2015, plus (ii) an additional 10% of the outstanding share capital in the context of mergers, acquisitions and strategic alliances. This authorization ends 18 months following 9 July 2015, i.e. on 9 January 2017. Approval by the General Meeting is required for any share issuances exceeding these limits.

At our Annual General Meeting on 19 May 2016, the Management Board shall request that the General Meeting renews its authorization to issue shares.

Repurchase of Shares

Shares may be repurchased by the Company by a decision of the Management Board. This decision must be approved by the Supervisory Board. The Management Board has been granted the authorization to repurchase shares by the General Meeting on 9 July 2015. Within the scope of this authorization, the Management Board is allowed to repurchase shares up to a maximum of 10% of the outstanding share capital as of the settlement date of our IPO, 14 July 2015, provided that the Company will hold no more shares in stock than at maximum 50% of the outstanding share capital, either through purchase on a stock exchange or otherwise. Price ranges have been set in the authorization that the Management Board needs to take into account when repurchasing shares. The acquisition price should not be lower than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10% (excluding expenses). This authorization ends 18 months following 9 July 2015, i.e. on 9 January 2017. Approval by the General Meeting is required for any repurchases exceeding these limits.

At our Annual General Meeting on 19 May 2016, the Management Board shall request that the General Meeting renews its authorization to repurchase shares.

Major shareholders

The following shareholders filed their interests in the capital of the company to be included in the AFM's register of substantial holdings and gross short positions, www.afm.nl (data as of 31 December 2015). A shareholder must file or update its holdings if its interest exceeds, or drops below, 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. For further detail on individual shareholdings please refer to the AFM's register.

		Filing date
R. Hodenius (Avalon Holding B.V.)	14.27%	15 July 2015
J.T.A.G. van Kuijk (Javak Investments B.V.)	14.27%	15 July 2015
Summit Partners Private Equity Fund VII-A, L.P.	5.39%	15 July 2015
UBS Group AG	4.88%	6 October 2015
R. Tse (RJT Investments B.V.)	3.31%	10 July 2015
Summit Partners Private Equity Fund VII-B, L.P.	3.24%	15 July 2015
JP Morgan Asset Management Holdings Inc.	3.07%	7 December 2015
BNP Paribas Investment Partners SA	2.73%	17 July 2015

Relationship agreement and shareholders agreement

Avalon Holding B.V., Javak Investments B.V. and the combined entities advised by Summit Partners (Summit entities) entered into a relationship agreement and a shareholders agreement. According to the AFM's register of substantial holdings and gross short positions these parties together controlled 37.2% of our shares (data as of 31 December 2015).

The relationship agreement is a Dutch law governed agreement that contains certain arrangements regarding the relationship between the parties thereto, which also includes the company. The agreement grants each of these shareholders a specific right to nominate or designate one Supervisory Board member for appointment (and replacement). This right expires, in respect of each relevant party, if such party ceases to, directly or indirectly, hold more than 5% of the shares in the company provided that and for as long as, in aggregate, Avalon Holding B.V. and Javak Investments B.V. together continue to, directly or indirectly, hold more than 5% of the company's shares, Avalon Holding B.V. and Javak Investments B.V. shall be entitled to jointly designate one Supervisory Board member for appointment.

The relationship agreement also governs the composition of the Supervisory Board committees. The agreement terminates in respect of each of the shareholders, if such party's aggregate shareholding in the company (be it direct, indirect or together with a permitted transferee) falls below 5% of the company's outstanding share capital. In case of, among other things, the company becoming subject to insolvency procedures, liquidation, delisting, a merger or a spin-off (with the company as disappearing entity), the agreement automatically terminates.

Under the shareholders' agreement governed by Dutch law, Avalon Holding B.V., Javak Investments B.V. and the Summit entities have agreed on certain arrangements in respect of their shareholding in the company. These arrangements include an obligation for each of the parties to vote in favour of the appointment of any individual designated by any of them as a member of the Supervisory Board in accordance with the terms of the relationship agreement (as described above). Furthermore, the parties agreed to reserve the right to consult with each other and coordinate the exercise of their voting rights attached to their respective shares in the company. The shareholders' agreement also contains arrangements in respect of a party's disposal or transfer of shares in the company, including tag-along and permitted transfer provisions. As long as the parties to the shareholders' agreement adhere to provisions set out therein and control in aggregate 30% or more of the voting rights in the company's general meeting, each of Avalon Holding B.V., Javak Investments B.V. and the Summit entities as well as their ultimate controlling persons, is able to benefit from the exemption from the Dutch mandatory offer requirement set out in Section 5:71 sub 1 (i) of the Dutch Financial Supervision Act (*Wet op het Financieel Toezicht*). The shareholders' agreement terminates for any party if such party's aggregate shareholding in the company (be it direct or indirect) falls below 3% of the company's outstanding share capital and in case of, among other things, the company becoming subject to insolvency procedures, liquidation, delisting, a merger or spin-off (with the company as disappearing entity).

Protection structures

Flow Traders does not employ the following protection structures: preference shares, depositary receipts or call options issued to vehicles conducive to protecting the company's interest or independence.

Dividend policy

We intend to pay dividends annually in two instalments, with a target aggregate dividend pay-out ratio of at least 50% of the company's net profits realized during the financial year. The Management Board may decide, with the approval of the Supervisory Board, that the profits realized during a financial year will fully or partially be appropriated to increase and/or form reserves. A distribution of (interim) dividends is subject to applicable rules and regulations, the articles of association of the company, the By-laws of the Management Board, and the By-Laws of the Supervisory Board.

It is anticipated that our interim dividends will be declared and paid following the publication of our results for the first half of each year. There can be no assurance that in any given year a dividend will be proposed or declared.

The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Management Board, subject to the approval of the Supervisory Board, may deem relevant, as well as other legal and regulatory requirements. Our intentions in relation to dividends are subject to numerous assumptions, risks and uncertainties, many of which may be beyond our control.

The Management Board, subject to the approval of the Supervisory Board, may decide to make allocations to reserves and therefore decides how much of the profit will be allocated to reserves. The profits remaining shall be at the free disposal of the General Meeting.

Tax policy

Flow Traders operates a transparent and straightforward tax policy. For every business decision, tax aspects are presented and weighed as part of the decision making process. The commercial needs will in no circumstances override compliance with (tax) laws. The tax function within the company will therefore provide appropriate input as part of the approval process for business proposals to ensure a clear understanding of the tax consequences. We have a good standing relationship with the tax authorities in each region. We pro-actively manage our relationship with the tax authorities with the aim of minimizing the risk of challenge, dispute or damage that could have an impact on our credibility. We concluded in 2015 a horizontal supervision agreement with the Dutch tax authorities (*horizontaal toezicht*) with a view to further strengthening our transparent and professional relationship with the tax authorities. Flow Traders pays taxes where profits are earned in accordance with local tax legislation. We do not use tax haven[1] jurisdictions for tax avoidance purposes and carry out our business through entities in jurisdictions where we

[1] *As defined by the OECD.*

operate our business. For more information on our tax position, please refer to note 12 of the financial statements.

Compliance with the Dutch corporate governance code

The Dutch corporate governance code (the Code) defines a company as a long-term form of collaboration between the principal corporate bodies of a company. For us, these corporate bodies include the Management Board, the Supervisory Board and the General Meeting. The Management Board values and considers the interests of the various stakeholders involved. According to the Code, good corporate governance results in effective decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency, and trust. We acknowledge the importance of good corporate governance and endeavour to comply in general with the provisions of the Code. We comply fully with the Code, with the exception of the following provisions:

- **Analyses carried out in respect of variable compensation**
  Best practice provisions II.2.1 and II.2.2 of the Dutch corporate governance code provide that scenario analyses are to be conducted in order to analyze the possible outcomes of the variable compensation components. The variable remuneration of for the members of the Management Board is contingent upon a future, unknown, metric: the accrued firm-wide variable remuneration pool which itself depends on operating result for the given financial year.

  Because of the nature of our business activities and the fast paced industry in which we operate, the Supervisory Board tracks actual performance of the Management Board members and eligibility for variable compensation throughout the year, rather than performing a more hypothetical scenario analysis prior to a financial year while performing a single, one-off, assessment at the end of the year as set out in the best practice provisions. Quarterly discussions take place between the Management Board members and the Remuneration and Appointment Committee for this purpose. In this manner the Supervisory Board regularly assesses the performance indicators and the potential resulting variable compensation for the Management Board members.

- **Self-assessment**
  Best practice provision III.1.7, which provides that the Supervisory Board shall discuss at least once a year on its own functioning and the functioning of its committees and its individual members without the Management Board being present. Given the short term of office of the Supervisory Board since the IPO, no self-assessment of the functioning of the Supervisory Board and its committees was carried out in 2015. A self-assessment will be carried out in 2016.

- **Independence Supervisory Board members**
  Best practice provision III.2.1, which provides that all Supervisory Board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2. Within our Supervisory Board, three members are not independent under the provisions of the Code. Our Supervisory Board profile provides that, given the highly specialized and competitive nature of the Company’s business activities, certain members of the Supervisory Board should preferably have a broad and in-depth knowledge of its business activities and the fast paced environment in which it operates. Jan van Kuijk, Roger Hodenius and Han Sikkens were attracted for their role as Supervisory Board members because of their specific business-related expertise. They do not qualify as independent under the provisions of the Dutch corporate governance code as they are all former members of the Management Board of the company prior to conversion and represent shareholders of the company.

- **Independence committee members**
  Best practice provision III.5.1, which provides that a maximum of one member of each committee may not be independent within the meaning of best practice provision III.2.1 above. Given the number of members of the Supervisory Board that are not independent, each of the Supervisory Board committees comprise of more than one non-independent Supervisory Board member. For further information see explanation on best practice provision II.2.1 above. Olivier Bisserier, as Chairman of the Audit Committee, is a financial expert as set out in the Code. The chairman of the Audit Committee and the chairman of the Remuneration and Appointment Committee both qualify as independent under provisions of the Corporate Governance Code. The Trading and Risk Committee and Technology Committee have been established to cater for the monitoring of and advising on specific business related topics. These Committees are chaired by the founders and former Management Board members of the company.

- **Quorum**
  Best practice provision IV.1.1, which provides that the General Meeting of a company without a statutory two-tier board structure (*structuurregime*) may adopt a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. According to the Code, it may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of a nomination or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting. In deviation of this best practice provision, the company's articles of association prescribe that the General Meeting may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast, representing more than 50 percent of the company's issued capital. In addition, the company's articles of association provide that if this quorum is not present or represented at the meeting, such resolution cannot be adopted and in order for such a resolution to be adopted, a new meeting should be convened in which more than 50 percent of the company's issued capital is represented and an absolute majority of the votes are cast in favor of such resolution.

- **Internal Audit Function**
  Best practice provisions V.3.1 and V.3.2, which provide (i) that the external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor and (ii) that the internal auditor shall have access to the external auditor and to the chairman of the audit committee. The company is intensely focused on risk management and monitors its activities on a real-time, fully automated basis using its robust risk management framework. Flow Traders' trading professionals, who closely monitor the trading system, are the company's first line of defense. The Risk and Mid-Office, Compliance and Finance departments serve as other internal lines of defense. In addition, exchanges and prime brokers provide various risk controls, monitoring, and data that the company can use to reconcile its own records, while the regulators and other professional parties query the company from time to time in respect of, amongst other things, processes and risk controls. The company recognizes the added value of an internal audit function that would serve as a clearly defined third line of defense. This has led to the decision to set up an internal audit function within the company's organization. The company is currently in the process of setting up such internal audit function.

Corporate Governance statement

The statement concerning corporate governance as referred to in section 2a of the decree on additional requirements for annual reports (*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag*) effective as of 1 January 2010 (Decree) is comprised in the chapters Our Risk Management, Supervisory Board Report, and Our Corporate Governance as follows, to the extent that it is applicable to Flow Traders:

- compliance with the Dutch corporate governance code can be found in the chapter Our Corporate Governance (section 3 of the Decree);
- the main features of our internal risk management and control systems relating to the financial reporting process can be found in the chapter Our Risk Management (section 3a sub a of the Decree);
- the functioning of our General Meeting, and the authority and rights of our shareholders can be found in the chapter Our Corporate Governance (section 3a sub b of the Decree);
- the composition and functioning of our Management Board, the Supervisory Board and its Committees can be found in the chapters Supervisory Board Report and Our Corporate Governance (section 3a sub c of the Decree);
- the disclosure of the information required by the Decree on Section 10 EU Takeover Directive can be found in the chapter Our Corporate Governance (section 3b of the Decree).

'I had the chance to put forward my own concepts'

What is your background, Cameron?
I was born and raised in a small town outside Cleveland, Ohio. I attended a number of different schools growing up, as my mom and dad searched for the best education for me. This made me resilient to change and helped me get used to making new friends quickly. I then attended a Catholic high school in Cleveland, and chose to join the debate team instead of the soccer team. Debating provided a good grounding for life as a trader, as it teaches you how to deal with pressure, while not letting setbacks cloud your judgement. At university I initially studied philosophy, before quickly deciding that economics was where my future lay.

What attracted you to Flow Traders?
I found Flow Traders through on-campus recruiting, and after making initial contact I researched the firm. The company seemed to offer a great combination of providing a rigorous training programme, yet quickly giving new hires real responsibility. And the training programme has been a dream come true: six months in Amsterdam, learning a great deal, and getting to work and socialize with some lovely people.

What has most surprised you about the company since you joined?
During training a friend and I came up with a product that the company hadn't traded before. After we developed a proposal and it was discussed internally, the idea was accepted and implemented. I really appreciate that I had the chance to put forward my own ideas while still training, and that the company is so confident in the people they recruit that they treat them with respect from the beginning. My impression is that no matter who you are or what you've done, if you're good enough to be here, your opinion is as valid as everyone else's.

What are your future plans within the company?
Although I'm trained in Amsterdam, I'll be working out of the New York office, and I'm looking forward to making my mark there. I believe that I'll be able to grow and create a career within the company, while also starting a family and enjoying a well-balanced life. Despite the intensity of the job, there's no sense that anyone's overworked. About three months into my training I though it was all too good to be true. I've discovered that it's not

Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *In thousands of euro*

	Note	At 31 December 2015	At 31 December 2014
Assets			
Cash and cash equivalents	13	1,925	2,322
Financial assets held for trading	14	3,394,504	2,796,084
Shareholder loans		-	215
Trading receivables	15	1,161,238	495,656
Other receivables	16	11,170	4,292
Investments available-for-sale	17	1,625	1,236
Investments in associates	18	808	106
Property and equipment	19	22,574	20,866
Intangible assets	20	1,503	1,554
Deferred tax assets	12	4,106	-
Total assets		**4,599,453**	**3,322,331**
Liabilities			
Financial liabilities held for trading	21	2,035,603	2,334,265
Trading payables	22	2,183,294	755,486
Other liabilities	23	119,170	83,007
Current tax liabilities	12	14,390	5,949
Deferred tax liabilities	12	449	832
Total liabilities		**4,352,906**	**3,179,539**
Equity			
Capital account members	24	-	133,077
Share capital	24	4,653	-
Share premium	24	150,826	-
Retained earnings	24	74,024	-
Currency translation reserve	24	17,710	9,600
Fair value reserve	24	(666)	115
Total equity		**246,547**	**142,792**
Total equity and liabilities		**4,599,453**	**3,322,331**

The notes on pages 64 to 96 are an integral part of these consolidated financial statements.

Consolidated statement of profit and loss and other comprehensive income

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *In thousands of euro*

		For the year ended	
	Note	2015	2014
Gross trading income		400,118	240,749
Fees related to the trading activities		(56,723)	(37,949)
Net financial expenses related to the trading activities		(38,676)	(30,103)
Net trading income	9	**304,719**	**172,697**
Personnel expenses	10	(142,593)	(61,004)
Depreciation of property and equipment	19	(6,307)	(4,331)
Amortization of intangible assets	20	(471)	(353)
Write off of (in) tangible assets	19/20	(457)	(714)
Other expenses	11	(40,478)	(27,841)
Operating expenses		**(190,306)**	**(94,243)**
Operating result		**114,413**	**78,454**
Result/(impairment) of equity-accounted investees	18	696	(115)
Profit before tax		**115,109**	**78,339**
Tax expense	12	(17,818)	(10,470)
Profit for the period		**97,291**	**67,869**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations	24	8,110	9,018
Available for sale net changes in fair value	17	(781)	425
Other comprehensive income for the year (net of tax)		**7,329**	**9,443**
Total comprehensive income for the year		**104,620**	**77,312**
Earnings per share			
Basic and fully diluted earnings per share[1]		2.09	1.46

[1] *The earnings per share over 2014 have been calculated as if it had outstanding shares based on the number of outstanding shares over 2015.*

The notes on pages 64 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *In thousands of euro*

	Capital account member A	Capital account member B	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2015	15,000	118,077	–	–	9,600	115	–	142,792
Profit	–	–	–	–	–	–	97,291	97,291
Total other comprehensive income					8,110	(781)		7,329
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**8,110**	**(781)**	**97,291**	**104,620**
Transactions with owners of the Company								
Capital contribution	–	22,165	–	–	–	–	–	22,165
Conversion member capital to shares	(15,000)	(140,242)	4,653	150,589	–	–	–	–
Additional share premium	–	–	–	237	–	–	–	237
Dividends	–	–	–	–	–	–	(23,267)	(23,267)
Total transactions with owners of the company	**(15,000)**	**(118,077)**	**4,653**	**150,826**	**–**	**–**	**(23,267)**	**(865)**
Balance at 31 December 2015	**–**	**–**	**4,653**	**150,826**	**17,710**	**(666)**	**74,024**	**246,547**

	Capital account member A	Capital account member B	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2014	19,000	118,055	–	–	582	(310)	–	137,327
Profit	–	67,869	–	–	–	–	–	67,869
Total other comprehensive income	–	–	–	–	9,018	425	–	9,443
Total comprehensive income for the period	**–**	**67,869**	**–**	**–**	**9,018**	**425**	**–**	**77,312**
Transactions with owners of the Company								
Capital contribution	–	–	–	–	–	–	–	–
Dividends	(4,000)	(67,847)	–	–	–	–	–	(71,847)
Total transactions with owners of the company	**(4,000)**	**(67,847)**	**–**	**–**	**–**	**–**	**–**	**(71,847)**
Balance at 31 December 2014	**15,000**	**118,077**	**–**	**–**	**9,600**	**115**	**–**	**142,792**

The notes on pages 64 to 96 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS *In thousands of euro*

	For the year ended 2015	2014
Cash flows from operating activities		
Profit for the period	**97,291**	**67,869**
Adjusted for:		
Depreciation of property and equipment	6,307	4,331
Amortization of intangible assets	471	353
Write off of (in)tangible assets	457	714
Result/(impairment) of equity-accounted investees (net of tax)	(696)	115
Net financial expenses related to the trading activities	38,676	30,103
Tax expense	17,818	10,470
Changes in working capital		
■ (increase)/decrease financial assets held for trading	(598,420)	(492,694)
■ (increase)/decrease trading receivables	(665,582)	80,041
■ (increase)/decrease other receivables	(4,403)	3,643
■ increase/(decrease) financial liabilities held for trading	(298,662)	1,510,497
■ increase/(decrease) trading payables	1,427,808	(1,140,675)
■ increase/(decrease) other liabilities	45,756	20,120
■ increase/(decrease) other	7,545	8,237
Cash flow from business operations	**74,366**	**103,124**
Interest paid	(39,579)	(31,241)
Interest received	903	1,138
Corporate income tax paid	(13,866)	(6,410)
Cash (used in)/provided by operating activities	**21,824**	**66,611**

CONSOLIDATED STATEMENT OF CASH FLOWS *In thousands of euro*

	For the year ended 2015	2014
Cash flows from investing activities		
(Acquisition)/sale investments available for sale	(863)	-
Investment in associates	-	(180)
Acquisition of property and equipment	(6,496)	(12,691)
Acquisition of intangible assets	(327)	(522)
Net cash (used in)/provided by investing activities	**(7,686)**	**(13,393)**
Cash flows from financing activities		
Dividend paid	(34,561)	(60,552)
Capital contributions	19,927	-
Net cash (used in)/provided by financing activities	**(14,634)**	**(60,552)**
Effect of movements in exchange rates on cash and cash equivalents	99	128
Net change in cash and cash equivalents	**(397)**	**(7,206)**
Changes in cash		
Cash and cash equivalents at opening	2,322	9,528
Cash and cash equivalents at close	1,925	2,322
Changes in cash	**(397)**	**(7,206)**

Notes to the consolidated financial statements

All amounts in thousands of euro, unless stated otherwise.

1. *Reporting entity*

Flow Traders N.V. (referred to as the 'Company') is a public limited liability company (*naamloze vennootschap*) and the legal successor of Flow Traders Coöperatief U.A. by way of conversion under Dutch law on 9 July 2015, just prior to its IPO. It is incorporated under the laws of the Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands, having its registered office at Jacob Bontiusplaats 9, 1018 LL Amsterdam, The Netherlands and registered with the Trade Register of the Chamber of Commerce (*Kamer van Koophandel, afdeling Handelsregister*) under number 34294936.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a leading global technology-enabled liquidity provider that specializes in exchange traded products (ETPs). The Group's goal is to be a leading ETP-focused liquidity provider.

The consolidated financial statements of the Group for the annual period ended 31 December 2015 incorporate financial information of Flow Traders N.V., its controlled entities and interests in associates. The annual financial statements were authorised for issue by the Company's Management Board and the Supervisory Board on 17 March 2016 subject to be adopted by general meeting of shareholders.

2. *Going concern*

These financial statements have been prepared on the basis of the going concern assumption.

3. *Basis of preparation*

a) Statement of compliance

The Group applies International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). IFRS-EU provides several options in accounting principles. The Group's accounting principles IFRS-EU and its decision on the options available are set out in the section 'Significant accounting policies' below.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position and unless otherwise indicated:

- financial assets and liabilities held for trading at fair value through profit or loss are measured at fair value;
- available for sale financial assets are measured at fair value with changes in fair value recognized in other comprehensive income, except for impairment losses.

c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Group's functional currency. All financial information presented in euro has been rounded to the nearest thousand, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences for the financial assets and liabilities held for trading. For more details we refer you to the chapter on fair values of financial instruments.

e) Principles for the preparation of the consolidated statement of cash flows

The consolidated statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year.

The cash flows are analyzed into cash flows from operations, including trading activities, investment activities and financing activities. Receivables from and payables to clearing organizations are included in the cash flow from operating activities. Investment activities are comprised of acquisitions, sales and redemptions in respect of financial investments in and sales of subsidiaries and associates, property and equipment. Movements due to currency translation differences are eliminated from the cash flow figures to the extent that they have not resulted in cash flows.

Certain comparative amounts in the consolidated statement of cash flows have been reclassified to reflect the effect of movements in exchange rates.

4. *Significant accounting policies*

The Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by the Group entities.

General

a) Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlled interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Investments in associates

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that reporting date.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of available for sale equity investments which are recognized in other comprehensive income. In case of impairments, exchange rate differences are recognized in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date.
The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) of equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

d) Financial assets and liabilities

Recognition

The Group initially recognizes loans and advances on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification

The Group classifies its financial assets into the following categories:

- loans and receivables;
- investments held-to-maturity;
- available-for-sale investments; and
- financial assets at fair value through the profit or loss and within the following category as:
  - held for trading;
  - designated at fair value through profit and loss.

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, into the following categories:

- financial liabilities held for trading; and
- other financial liabilities.

Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

Trading assets and liabilities are initially recognized and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss.

Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition, may be reclassified out of the fair value through profit or loss – i.e. trading – category if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition); and
- if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in our equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Other financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are presented on a net basis when a legal right of offset is agreed between the parties and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS-EU, or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Where available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group valuates its daily trading positions based on theoretical prices whereby the price differences are recorded through the profit or loss account. However, the theoretical prices can differ from quoted market prices. The Group's Risk and Mid-Office department monitors whether all differences can be substantiated and whether the trading positions as recorded by our prime brokers correspond with our trading positions.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

e) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed once incurred.

Depreciation

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- hardware: 5 years;
- office fixtures: 5 years;
- other: 5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) Intangible assets

Intangible assets

Intangible assets are amortized on a straight-line basis in profit or loss over the estimated useful lives of each component. The estimated useful live for the current and comparative years of significant intangible assets is 5 years.

Goodwill

Goodwill that arises on the acquisition of shares in subsidiaries is presented under intangible assets. The measurement of goodwill is initially recognized and in subsequent years measured at cost less accumulated impairment losses.

Goodwill in respect of equity-accounted investees is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Goodwill and indefinite-lived intangible assets are tested annually for impairment.

g) Leased assets

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

h) Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less of impairment loss recognized previously in profit or loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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 amortization, if no impairment loss had been recognized.

i) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or (profit-sharing) structures if the Group 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.

Stock appreciation rights (SARs)

The fair value of the amount payable to employees in respect of stock appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

k) Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

l) Income recognition

Net trading income comprises of gross trading income less fees and net financial expenses related to the trading activities.

The fees and net financial expenses are directly linked to the trading activity and are therefore directly recognized in the profit and loss account under trading income.

m) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in the equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.
This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. *Operating segments*

The Group has the following regions through which the Group operates via its local subsidiaries in the Netherlands, Romania (together Europe), United States of America (Americas) and Singapore (Asia).

Compared to prior year there has been a change in the basis of segmentation. Flow Traders U.S. B.V. is reported as part of the 'U.S.' segment instead of the 'Europe' segment as all assets, liabilities and profit fully relates to the our US activities. Note that the basis of segmentation is also adjusted for the comparative 2014 figures.

The Group's trading assets and liabilities attributable to each segment are reported to management on the basis of net liquidity. Consequently, the reported total assets in each segment are net of the segment's financial liabilities held for trading and trading payables.

Result of our Americas operations is close to zero driven by the intercompany costs and increase in personnel expenses driven by the one off SARs expenses. Please also refer to note 25 of the financial statements.

SEGMENT REPORTING

For the year ended 2015

	Europe	Americas	Asia	Total
Gross trading income	242,075	70,708	87,335	400,118
Fees related to the trading activities	(35,646)	(11,069)	(10,008)	(56,723)
Net financial expenses related to the trading activities	(23,931)	(8,669)	(6,076)	(38,676)
Net trading income	**182,498**	**50,970**	**71,251**	**304,719**
Intercompany recharge	30,993	-	-	30,993
Total revenue	**213,491**	**50,970**	**71,251**	**335,712**
Personnel expenses	(98,179)	(32,532)	(11,882)	(142,593)
Depreciation of property and equipment	(4,124)	(1,254)	(929)	(6,307)
Amortization of intangible assets	(281)	(117)	(73)	(471)
Write off of (in) tangible assets	(184)	(186)	(87)	(457)
Intercompany recharge	-	(4,326)	(26,667)	(30,993)
Other expenses	(23,693)	(12,170)	(4,615)	(40,478)
Operating expenses	**(126,461)**	**(50,585)**	**(44,253)**	**(221,299)**
Operating result	**87,030**	**385**	**26,998**	**114,413**
Result/(impairment) of equity-accounted investees	696	-	-	696
Profit before tax	**87,726**	**385**	**26,998**	**115,109**
Tax expense	(18,386)	3,926	(3,358)	(17,818)
Profit for the period	**69,340**	**4,311**	**23,640**	**97,291**
Assets	**220,264**	**103,220**	**54,987**	**378,471**
Capital expenditure	7,229	842	454	8,525
Liabilities	**94,928**	**23,732**	**13,263**	**131,923**

SEGMENT REPORTING

For the year ended 2014

	Europe	Americas	Asia	Total
Gross trading income	157,533	50,173	33,043	240,749
Fees related to the trading activities	(25,908)	(6,254)	(5,787)	(37,949)
Net financial expenses related to the trading activities	(17,950)	(9,243)	(2,910)	(30,103)
Net trading income	**113,675**	**34,677**	**24,345**	**172,697**
Personnel expenses	(42,733)	(12,112)	(6,158)	(61,004)
Depreciation of property and equipment	(2,615)	(915)	(801)	(4,331)
Amortization of intangible assets	(166)	(112)	(74)	(353)
Write off of (in) tangible assets	(367)	(282)	(65)	(714)
Other expenses	(19,727)	(4,341)	(3,773)	(27,841)
Operating expenses	**(65,608)**	**(17,762)**	**(10,872)**	**(94,243)**
Operating result	**48,067**	**16,915**	**13,474**	**78,454**
Result/(impairment) of equity-accounted investees	(115)	-	-	(115)
Profit before tax	**47,952**	**16,915**	**13,474**	**78,339**
Tax expense	(8,791)	(31)	(1,648)	(10,470)
Profit for the period	**39,161**	**16,884**	**11,826**	**67,869**
Assets	**112,827**	**83,719**	**35,855**	**232,401**
Capital expenditure	4,356	1,357	763	6,476
Liabilities	**65,524**	**15,107**	**8,977**	**89,608**

6. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, permitting early adoption.

Given the nature of the Group's operations and the fact that the trading portfolio is valued at fair value, the impact on the Group's financial statements is expected to be immaterial.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, permitting early adoption.

Given the nature of the Group's operations the impact on the financial statements is expected to be nil.

Other new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

7. *Fair values of financial instruments*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valuated using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valuated based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation techniques and models (including net present value and discounted cash flow models, Black-Scholes option pricing models and comparisons with similar instruments for which market observable prices exist) for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgement and estimation. Observable prices or model inputs (including risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations) are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

When the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

Valuation framework

The Group has a control framework with respect to the measurement of fair values. This framework includes a Risk and Mid-Office department which is independent of the Trading department and reports directly to the Management Board. The Risk and Mid-Office department has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. The daily reconciliation of the positions and prices between the prime brokers and the Trading department is most important.

The prime brokers of the Group provide electronic position statements on a daily basis which are uploaded automatically into the Group's databases. The Group and its prime brokers agreed when files will be available and methods for transmission and communication. All data is normalized by the Group so it can be used in multiple internal systems. The information is mainly used for daily independent reconciliation of positions and prices, resulting in profit and loss accounts.

The following reconciliations are executed on a daily basis:

- reconciliation of the positions - The Risk and Mid-Office department reconciles the positions of the Trading department with information provided by the prime brokers. All differences are reconciled and agreed by the Trading department of the Group and the prime brokers;
- reconciliation of prices - The Risk and Mid-Office department reconciles prices as provided by the Trading Department with those of the prime brokers and/or data from external data vendors required. All differences are reconciled and the Risk and Mid-Office department makes sure that any required follow up action is taken, either by the prime broker or the Trading department. Therefore all prices are checked with independent sources.

Results of these reconciliation processes are communicated and agreed with Heads of Trading, the Risk and Mid-Office department and the Management Board on a daily basis.

a) Financial assets and liabilities held for trading

The Group mainly trades on regulated and active markets. The financial assets and liabilities held for trading are carried at fair value, based whenever possible on quoted market prices, as published by exchanges, market data vendors and prime brokers.

The valuation of trading positions, both the long and the short positions, is determined by referencing to their quoted bid or ask prices from the exchanges at the reporting date. For offsetting (delta neutral) positions, the Group uses mid-market prices to determine fair value. Such financial assets and liabilities are classified as Level 1.

Substantial part of the financial assets and liabilities held for trading are carried at fair value, based on theoretical prices which can differ from quoted market prices. The theoretical prices reflect price adjustments primarily caused by the fact that the Group continuously prices its financial assets and liabilities based on all available information. This includes prices for identical and near-identical positions, as well as the prices for securities underlying the Group's positions, on other exchanges that are open after the exchange on which the financial asset or liability is traded closes. The Group's Risk and Mid-Office department monitors whether all price adjustments can be substantiated. Consequently, such financial assets and liabilities are classified as Level 2.

b) Available-for-sale investments

The fair value of available-for-sale investments is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique and are classified as level 2.

c) Other receivables

The carrying value of other receivables with a maturity of less than one year is assumed to approximate the fair value.

Fair value hierarchy

At 31 December 2015	Level 1	Level 2	Level 3	Total
Long positions in equity securities-trading	234,903	2,299,816	-	2,534,719
Mark to market derivatives assets	64	859,721	-	859,785
Financial assets held for trading	**234,967**	**3,159,537**	**-**	**3,394,504**
Available-for-sale investments	-	1,625	-	1,625
Total long positions	**234,967**	**3,161,162**	**-**	**3,396,129**
Short positions in equity securities-trading	(292,264)	(1,315,112)	-	(1,607,376)
Mark to market derivatives liabilities	-	(428,227)	-	(428,227)
Financial liabilities held for trading	**(292,264)**	**(1,743,339)**	**-**	**(2,035,603)**
Total short positions	**(292,264)**	**(1,743,339)**	**-**	**(2,035,603)**

At 31 December 2014	Level 1	Level 2	Level 3	Total
Long positions in equity securities-trading	124,199	2,655,132	-	2,779,331
Mark to market derivatives assets	-	16,753	-	16,753
Financial assets held for trading	**124,199**	**2,671,885**	**-**	**2,796,084**
Available-for-sale investments	-	1,236	-	1,236
Total long positions	**124,199**	**2,673,121**	**-**	**2,797,320**
Short positions in equity securities-trading	(172,213)	(1,336,886)	-	(1,509,099)
Mark to market derivatives liabilities	(824,918)	(248)	-	(825,166)
Financial liabilities held for trading	**(997,131)**	**(1,337,134)**	**-**	**(2,334,265)**
Total short positions	**(997,131)**	**(1,337,134)**	**-**	**(2,334,265)**

Due to the short holding period between acquisition and sale, there are no transfers between level 1 and level 2. There are no level 3 positions.

8. *Earnings per share*

The calculation of the earnings per share has been based on the profit for the year attributable to ordinary shareholders and number of ordinary shares outstanding.

The 2014 earnings per share are calculated as if the entity was converted into a public limited liability company and listed, under the assumption that the number of shares outstanding in 2014 would be equal to 2015.

EARNINGS PER SHARE	For the year ended	
	2015	2014
Profit for the year	97,291	67,869
Profit attributable to ordinary shareholders	**97,291**	**67,869**
Weighted average number of shares		
Issued ordinary shares converted at 9 July 2015	**46,534,500**	**46,534,500**
Earnings per share	**2.09**	**1.46**

9. *Net trading income*

Gross trading income comprises the realized and unrealized income on financial instruments.

Fees related to the trading activities consist of exchange fees, clearing fees and other trading related fees. Net financial expenses related to the trading activities mainly relate to interest expense on the credit facilities with the prime brokers calculated on the drawn amount during the year.

10. *Personnel expenses*

	For the year ended	
	2015	2014
Wages and salaries	14,386	12,327
Bonuses	87,920	42,851
Social security charges	1,789	1,674
Recruitment and other employment costs	5,282	3,948
Stock appreciation rights expenses	33,216	204
Personnel expenses	**142,593**	**61,004**

11. *Other expenses*

	For the year ended	
	2015	2014
Technology	27,477	18,712
Housing	3,218	2,599
Advisors and assurance	1,983	1,192
Regulatory costs	575	123
Fixed exchange costs	3,774	2,942
IPO expenses	1,865	-
Various expenses	1,586	2,273
Other expenses	**40,478**	**27,841**

IPO expenses relate to the one-off IPO costs incurred in relation to our initial public offering in July 2015.

12. *Taxation*

Current tax expenses

	For the year ended	
	2015	**2014**
Tax recognized in profit or loss		
Current tax expense	22,307	10,504
Movement deferred tax asset	(4,106)	-
Movement deferred tax liability	(383)	(47)
Adjustment for prior years	-	13
Tax expense excluding share of tax of equity-accounted investees	**17,818**	**10,470**

Reconciliation of the weighted average statutory income rate to the Group's effective income tax rate is as follows:

RECONCILIATION OF EFFECTIVE TAX RATE	For the year ended	
	2015	**2014**
Profit before tax	115,109	78,339
Dutch standard tax rate	25.0%	25.0%
Income tax expected	28,777	19,585
Actual income tax charge	17,818	10,470
In percentage	15.5%	13.4%
Difference in tax expense	**(9.5%)**	**(11.6%)**

RECONCILIATION OF EFFECTIVE TAX RATE	For the year ended	
	2015	**2014**
Dutch standard tax rate	**25.0%**	**25.0%**
Different weighted average statutory rate of group	(3.0%)	(7.6%)
Income (partly) exempted	(6.9%)	(4.1%)
Deductible costs	(4.1%)	-
Other non-deductible costs	4.6%	0.1%
Subtotal	(9.5%)	(11.6%)
Effective tax rate	**15.5%**	**13.4%**

No tax was recognized in other comprehensive income in 2015 and 2014.

Current tax assets and liabilities

	At 31 December	
	2015	**2014**
Assets		
US	2,010	-
Total current tax assets	**2.010**	**-**
Liabilities		
The Netherlands	11,504	4,053
Singapore	2,886	1,896
Total current tax liabilities	**14,390**	**5,949**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

	At 31 December	
	2015	**2014**
Assets		
Other liabilities	4,106	-
Liabilities		
Property and equipment	(449)	(832)
Net asset/(liability)	**3,657**	**(832)**

The utilization of the deferred tax asset is dependent upon the Americas achieving sufficient future taxable profit.

13. *Cash and cash equivalents*

	At 31 December	
	2015	**2014**
Europe	562	1,461
Americas	900	347
Asia	463	514
Total cash and cash equivalents	**1,925**	**2,322**

Cash and cash equivalents include a bank guarantee of €147 thousand for office rent (2014: €105 thousand). The other cash and cash equivalents are available on demand.

14. *Financial assets held for trading*

	At 31 December	
	2015	**2014**
Long position in equity securities-trading	2,534,719	2,779,331
Mark to market derivatives assets	859,785	16,753
Total financial assets held for trading	**3,394,504**	**2,796,084**

15. *Trading receivables*

	At 31 December	
	2015	**2014**
Receivables for securities sold	1,161,238	495,656
Total trading receivables	**1,161,238**	**495,656**

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, receivables for securities sold represent amounts receivables for securities that are sold, but not yet settled as at the reporting date. The amount receivable is based on the net unsettled amount per clearing institution.

16. *Other receivables*

	At 31 December 2015	2014
Dividend withholding tax	1,966	1,432
Value Added Tax receivable	-	221
Corporate Income Tax receivable	2,010	-
Receivable from employees	2,475	-
Other receivables	4,719	2,639
Total other receivables	**11,170**	**4,292**

The other receivables mainly consist of prepayments and security deposits. All receivables have a maturity of less than 1 year.

17. *Available-for-sale investments*

	At 31 December 2015	2014
Net book amount 1 January	1,236	712
Acquisitions	863	-
Effect of movement in foreign exchange differences	(474)	524
Total available-for-sale investments	**1,625**	**1,236**

The investments of the Group in various exchanges, through participations or "member seats", are classified as available-for-sale. These investments are measured at fair value determined on the last available bid before year end in the foreign currencies which are translated to euro at exchange rates at the reporting date.

18. *Investments in associates*

	At 31 December 2015	2014
Net book amount 1 January	106	36
Investments	-	180
Our share in the result of the subsidiary	696	(115)
Effect on movement in foreign exchange differences	6	5
Total investments in associates	**808**	**106**

Investments in associates is primarily the Group's 24% ownership in Think ETF Asset Management B.V. (previously ThinkCapital Holding B.V.). The Group's share of Think ETF Asset Management B.V.'s profit primarily reflects the associate's recognition of a deferred tax asset.

The Group holds Joint Back Office Clearing agreements with two prime brokers for total amount of € 47 thousand in their preferred shares.

In 2015 the Group received no dividends from its investments in associates (2014: nil).

19. *Property and equipment*

	Hardware	Office fixtures	Other	Total
Cost				
Balance at 1 January 2014	**13,065**	**3,896**	**6,606**	**23,567**
Additions	4,519	6,387	1,785	12,691
Disposals	(5,799)	(2,485)	-	(8,284)
Exchange rate differences	803	210	-	1,013
Balance at 31 December 2014	**12,588**	**8,008**	**8,391**	**28,987**
Balance at 1 January 2015	**12,588**	**8,008**	**8,391**	**28,987**
Additions	5,182	2,785	39	8,006
Disposals	(3,467)	(620)	-	(4,087)
Effect of movements in exchange rates	680	171	-	851
Balance at 31 December 2015	**14,983**	**10,344**	**8,430**	**33,757**
Depreciation and impairment losses				
Balance at 1 January 2014	**(7,336)**	**(2,715)**	**(904)**	**(10,955)**
Depreciation for the year	(2,356)	(643)	(1,332)	(4,331)
Disposals	5,245	2,324	-	7,569
Exchange rate differences	(342)	(61)	(1)	(404)
Balance at 31 December 2014	**(4,789)**	**(1,095)**	**(2,237)**	**(8,121)**
Balance at 1 January 2015	**(4,789)**	**(1,095)**	**(2,237)**	**(8,121)**
Depreciation for the year	(3,060)	(1,648)	(1,599)	(6,307)
Disposals	2,971	586	-	3,557
Exchange rate differences	(276)	(36)	-	(312)
Balance at 31 December 2015	**(5,154)**	**(2,193)**	**(3,836)**	**(11,183)**
Carrying amounts				
At 1 January 2014	**5,729**	**1,181**	**5,702**	**12,612**
At 31 December 2014	**7,799**	**6,913**	**6,154**	**20,866**
At 31 December 2015	**9,829**	**8,151**	**4,594**	**22,574**

Part of the property and equipment is financed by finance leases. The net carrying amount of the leased property and equipment was €1,914 thousand at 31 December 2015 (2014: nil). Please refer to note 23 for an overview of the commitments related to these contracts.

20. *Intangible assets*

	Software	Goodwill	Total
Cost			
Balance at 1 January 2014	1,681	502	2,183
Additions	522	-	522
Disposals	(288)	-	(288)
Exchange rate differences	108	-	108
Balance at 31 December 2014	2,023	502	2,525
Balance at 1 January 2015	2,023	502	2,525
Additions	518	-	518
Disposals	(839)	-	(839)
Exchange rate differences	74	-	74
Balance at 31 December 2015	1,776	502	2,278
Depreciation and impairment losses			
Balance at 1 January 2014	(836)	-	(836)
Depreciation for the year	(353)	-	(353)
Disposals	280	-	280
Exchange rate differences	(62)	-	(62)
Balance at 31 December 2014	(971)	-	(971)
Balance at 1 January 2015	(971)	-	(971)
Depreciation for the year	(471)	-	(471)
Disposals	712	-	712
Exchange rate differences	(45)	-	(45)
Balance at 31 December 2015	(775)	-	(775)
Carrying amounts			
At 1 January 2014	845	502	1,347
At 31 December 2014	1,052	502	1,554
At 31 December 2015	1,001	502	1,503

Part of the intangible assets are financed by finance leases. The net carrying amount of leased Intangible assets was €340 thousand at 31 December 2015 (2014: nil). Please refer to note 23 for further overview of the commitments related to those contracts.

Goodwill

In December 2010 the Group obtained control of TradeSense Solutions B.V. and its subsidiary TradeSense Solutions SRL (renamed to Flow Traders Technologies SRL), a software development company with special focus on trading in electronic markets, by acquiring 100% of the legal and economic interest in the company. The goodwill amounted to €502 thousand.

There were no additions or impairments to the goodwill in 2015 and 2014.

21. *Financial liabilities held for trading*

	At 31 December	
	2015	**2014**
Short positions in equity securities trading	1,607,376	1,509,099
Mark to market derivatives liabilities	428,227	825,166
Total financial liabilities held for trading	2,035,603	2,334,265

22. *Trading payables*

	At 31 December	
	2015	**2014**
Payables for securities bought	1,098,248	179,357
Borrowings	1,085,046	576,129
Total trading payables	2,183,294	755,486

Payable for securities bought

In accordance with the Group's policy of trade date accounting for regular way sale and purchase transactions, payable for securities bought represent amounts payables for securities that were purchased, but not yet settled as at the reporting date. The amount payable is based on the net unsettled amount per clearing institution.

Borrowings

The Group maintains portfolio financing facilities with our prime brokers to facilitate our trading activities, i.e. to finance the purchase and settlement of financial instruments. The amounts drawn under on these facilities continuously fluctuate based on our trading positions at any given moment.

The Group entered into interest-bearing credit facilities with ABN AMRO Clearing Bank N.V. (ABN AMRO Clearing), totalling € 2,250 million. In addition, the Group entered into interest-bearing credit facilities for portfolio margin financing with Bank of America Merrill Lynch (BAML). These facilities can be modified or terminated at any time. The facilities are exclusively for the financing of positions of the financial instruments traded by us in the ordinary course of our business using ABN AMRO Clearing or BAML as our prime broker, respectively. The facilities are collateralized by cash, as well as our trading accounts held with these financial institutions. In addition, the facilities require us to post certain minimum capital with the respective prime broker as calculated by the prime broker.

Our prime brokers require us to post a haircut or margin (representing a minor portion of our portfolio's size which is variable and calculated on a daily basis depending on portfolio size and composition) in cash or securities as security for our positions held with the relevant prime broker. The positions are subject to pledge and collateral arrangements.

Covenants

Pursuant to the main covenants included in our facilities the Group is required to comply with a net liquidation balance that is higher than the haircut calculated by the prime broker by a minimum of € 30 million. Both the net liquidation balance and haircut are variable and calculated on a daily basis, depending on portfolio size and composition. The main covenants prescribe a maximum portfolio-to-loan size (variable and calculated on a daily basis, depending on portfolio composition). In addition, they require us to maintain a solvency ratio of at least 4%.

The main covenants also require us to supply our prime brokers with financial statements and other information, including information on our trading activities and trading counterparties, as well as to permit the inspection of our books and records. Furthermore, they require us to maintain all relevant authorizations and memberships required in order to conduct our business, and comply with all applicable laws, rules and regulations and place restrictions on mergers and disposition of our assets outside the ordinary course of our business.

23. *Other liabilities*

	At 31 December	
	2015	**2014**
Long term loans	261	225
Long term bonus payable	43,276	16,419
Long term lease commitments	1,026	-
SARs	-	586
Subtotal non current liabilities	**44,563**	**17,230**
Short term lease commitments/outstanding loans	675	3,306
Wages and bonuses payables	64,103	44,000
Value added tax payable	75	-
Wages tax payable	872	76
Dividend payable	-	11,294
Other current liabilities	8,882	7,101
Subtotal current liabilities	**74,607**	**65,777**
Total other liabilities	**119,170**	**83,007**

SARs

Upon settlement of the IPO, the Co-CEOs and eligible senior employees received proceeds in connection with the cancellation and settlement of Stock Appreciation Rights (SARs) granted by the Company in 2009 and 2011. The total gross expense for the Company in connection with the termination and settlement of the SARs scheme amounted to €33,216 thousand and is further disclosed in note 25.

All current liabilities have a maturity of less than 1 year.

Finance lease commitments

Finance lease liabilities are as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
	31 December 2015	31 December 2015	31 December 2015
Less than one year	726	51	675
Between one and five years	1,068	42	1,026
More than five years	–	–	–
Total	**1,794**	**93**	**1,701**

The Group concluded lease arrangements for IT investments that were classified as finance leases. At inception of the arrangements, payments were split into lease payments related to other elements based on their fair value.

24. *Equity*

Flow Traders Coöperatief U.A. (the 'Cooperative') was as a cooperative under Dutch law with two members (Member A and Member B). In 2015 Member B issued new depository receipts for membership interests in the Cooperative's capital, subscribed for by a group of employees. The aggregate subscription price paid for these depository receipts was €22,165 thousand.

On 9 July 2015 the Cooperative was converted to a public limited liability company (Naamloze Vennootschap, N.V.) and subsequently all the members' capital accounts (including the retained earnings to date) were converted into share capital and share premium.

Share capital and share premium

All ordinary shares rank equally with regard to the Company's residual assets. There are no preferred shareholders.

ORDINARY SHARES

	2015	2014
In issue 1 January	–	–
Member capital converted to shares (conversion to N.V.)	46,534,500	–
Total	**46,534,500**	**–**

Ordinary shares

Holders of the Company's ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to Company shares held by the Group are suspended.

Total authorized capital of the Company is €10 million consisting of 100 million shares of which currently 46,534,500 shares are issued. The nominal value per share is €0.10 each, and therefore the issued and paid up capital amounts to €4,653 thousand. The additional amount of the members' capital accounts converted into the N.V.'s capital is recognized as share premium and amounted €150,589 thousand as per 31 December 2015.

Shares accuired by participants in 2015 as set out above are subject to a lock-up period. When a participant leaves the Company before the end of the lock-up period, the participant must offer any such unreleased shares to the Company at the lower of the price paid by the participant or the market price. During 2015, a third-party broker sold shares offered by leaving participants in the market during open periods, resulting in an increase of share premium of €237 thousand.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve comprises the fair value movements on all investments available for sale of the Group.

General distributions

Pursuant to Article 24.1 of the company's Articles of Association, the Management Board, with the approval of the Supervisory Board, has decided that of the profit for 2015 (totalling €97,291 thousand), an amount of €27,489 thousand shall be added to the reserves. The remaining amount of € 69,802 thousand is at the disposal of the General Meeting of Shareholders (General Meeting)

Dividends

It is proposed to the General Meeting that a total cash dividend of €1.50 per share will be paid out to shareholders for the financial year 2015, subject to a 15% dividend tax withholding tax (*dividendbelasting*). An interim cash dividend of €0.50 per share has been paid out on 2 September 2015. This means that the final cash dividend proposal to the General Meeting is €1.00 per share. Subject to the approval by the General Meeting on 19 May 2016.

25. *Stock Appreciation Rights (SARs)*

Description of the Stock Appreciation Rights

During 2009 and 2011 the Group granted 28,080 and 24,441 Stock Appreciation Rights (SARs), respectively, to certain eligible senior employees that entitled them to a cash payment after 6 years of service following the date of granting of the SARs (or earlier, subject to applicable vesting arrangements). In 2015, the Company cancelled and settled the SARs as part of the listing of its ordinary shares. The Company repurchased all SARs from each of the participants assuming 100% vesting. The calculation of the settlement amounts paid to the participants was based on the average of the opening price and the closing price of the shares of the first day of trading. Settlement of the SARs occurred fully in cash. After repurchase of the SARs, the Company terminated the SARs scheme and no further rights or obligations are currently outstanding vis-a-vis the participants.

	Outstanding # of SARs	Strike price	Settlement price	Amount in €'000
SARs granted in 2009	18,000	47.00	877.50	14,949
SARs granted in 2011	23,683	90.50	877.50	18,639
Total settlement price of the SARs				**33,588**
Recognized on the balance sheet as per 31 December 2014				(586)
US social securities				214
Recognized in personnel expenses in 2015				**33,216**
Opening price first day of trading			34.00	
Closing price first day of trading			36.20	
Average			35.10	
Conversion (#share that can be transferred for one SAR)			25	
Settlement price used in the calculation			877.5	

The expense has been recognized in the statement of comprehensive income in the line item personnel expenses.

26. *Operating leases*

Leases as lessee

Non-cancellable operating lease minimum payments are payable as follows.

OPERATIONAL LEASES	2015	At 31 December 2014
Less than 1 year	10,627	7,273
Between 1 and 5 years	6,045	8,389
Total leases	**16,672**	**15,662**

The Group leases all of its office facilities under operating leases.

27. *Other contingent liabilities*

Claims

The Group is not involved in any significant legal procedures and/or claims and there are no other contingent liabilities.

Fiscal unity

The Group constitutes a fiscal unity with its fully owned Dutch subsidiaries for Dutch corporate income tax purposes. Moreover, Flow Traders B.V. forms part of a fiscal unity for VAT purposes, covering part of the Dutch Group. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

28. *Related parties*

General

The members of the Supervisory Board and the Management Board are considered the persons responsible for managing and controlling the Group.

Shareholder loans

A loan granted to a senior employee and shareholder of the Company was repaid in full in August 2015.

Key management personnel compensation

Key management personnel compensation comprised the following. The key management personnel compensation as shown in the below table includes Dennis Dijkstra, Sjoerd Rietberg, Roger Hodenius and Jan van Kuijk over the year 2014 and the first 6 months in 2015. After 9 July 2015 the key management personnel compensation included Dennis Dijkstra and Sjoerd Rietberg.

	2015		2014	
	Fixed	Variable	Fixed	Variable
Salaries				
Management board	284	6,086	378	3,484
Supervisory board	163	-	-	-

SARs

As part of the IPO the company cancelled and settled the outstanding Stock Appreciation Rights.

	2015	2014
	Variable	Variable
Stock appreciation rights		
Management board	21,659	159

Other related party transactions

During 2015, the Company was charged €2.6m costs relating the IPO. Part of the aforementioned IPO costs (€0.8m) were charged to the selling shareholders.

29. *Group entities*

SIGNIFICANT SUBSIDIARIES

	Country of incorporation	Ownership interest 2015	2014
Flow Traders Holding B.V.	Netherlands	100%	100%
Flow Traders U.S. B.V.	Netherlands	100%	100%
Flow Traders B.V.	Netherlands	100%	100%
Global Connect B.V.	Netherlands	100%	100%
Flow Traders Technologies B.V.	Netherlands	100%	100%
Flow Traders Asia Pte. Ltd.	Singapore	100%	100%
Flow Traders Hong Kong Ltd*	Hong Kong	100%	100%
Flow Traders U.S. Holding LLC	United States of America	100%	n/a
Flow Traders U.S. LLC	United States of America	100%	100%
Flow Traders U.S. Institutional Trading LLC	United States of America	100%	n/a
Flow Traders Technologies SRL	Romania	100%	100%

* *In liquidation.*

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. Please refer to the Capital Management section of this report for more information.

30. *Financial risk management*

Overview

The Group is exposed to the following risks arising from financial instruments:

- credit risk;
- market risk;
- liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and can also arise from the settlement of off-exchange transactions.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. These amounts significantly exceed expected loss in the event of counterparty default, as expected loss takes into account the likelihood of such an event and collateral or security. The maximum exposure to credit risk at the reporting date was as follows.

CARRYING AMOUNT

	2015	2014
Cash and cash equivalents	1,925	2,322
Financial assets held for trading	3,394,504	2,796,084
Shareholder loans	-	215
Trading receivables	1,161,238	495,656
Other receivables	11,170	4,292

The Group's credit exposure is concentrated in the financial assets and liabilities held for trading, but can also arise due to a possible failure in the settlement of off-exchange transactions. Credit risk related to transactions on exchanges is limited since these are guaranteed by the central counterparty or clearing house related to that exchange. Members of these clearing houses are required to deposit substantial amounts of cash, bonds or equity as guarantee for any failure to settlement of trading.

The Group manages credit risk through its Risk and Mid-Office department that provides specific guidelines, rules and procedures for identifying, measuring and reporting credit risk. Policies include amongst others:

- limits for individual product types;
- limits per counterparty;
- limits on the duration of the exposure;
- limits for settlement types;
- strict monitoring procedures for late settlements.

Creditworthiness of counterparties is continuously assessed and counterparty exposures are monitored on a intra-day basis.

During 2015, there is no significant concentration of credit risk observed in individual counterparties and geographically there is no concentration of credit risk.

Based on the Group's monitoring of counterparty credit risk the Group believes that no impairment allowance is necessary in respect of trade and other receivables.

Offsetting financial assets and financial liabilities

The disclosures set out in this paragraph include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in this paragraph unless they are offset in the statement of financial position.

The ISDA and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts for the parties to the agreement that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Group has outsourced collateral management to its prime brokers. It can receive and grant collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale and repurchase, and reverse sale and repurchase agreements; and
- securities lending and borrowing.

Such collateral is subject to standard industry terms including, where appropriate, an ISDA Credit Support Annex. This means that securities received/granted as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

The Group receives and grants collateral in the form of cash and marketable securities in respect of derivatives (including swaps). Such collateral is subject to standard industry terms including, where appropriate, an ISDA Credit Support Annex. This means that securities received/granted as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

The following tables reconcile the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position', as set out above, to the line items presented in the statement of financial position.

At 31 December 2015

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position – Financial instrument	Net amount
Types of financial assets					
Long positions, including equity securities, cash positions with brokers, derivative financial instruments, and amounts receivable from clearing agent	4,555,742	-	4,555,742	(4,218,897)	336,845
Types of financial liabilities					
Short positions, including equity securities, derivative financial instruments, amounts payable to clearing agents, and borrowings	(4,218,897)	-	4,218,897	(4,218,897)	-

At 31 December 2014

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position – Financial instrument	Net amount
Types of financial assets					
Long positions, including equity securities, cash positions with brokers, derivative financial instruments, and amounts receivable from clearing agent	3,291,740	-	3,291,740	(3,089,751)	201,989
Types of financial liabilities					
Short positions, including equity securities, derivative financial instruments, amounts payable to clearing agents, and borrowings	(3,089,751)	-	3,089,751	(3,089,751)	-

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

- derivative assets and liabilities – fair value;
- trading assets and trading liabilities – fair value;
- cash positions– amortized cost;
- trading receivables - amortized cost;
- trading payables - amortized cost.

Market risk

The market risk for the Group relates to the risk of the value of a financial instrument fluctuating because of changes in factors such as interest rates, volatilities, currency rates, future dividend expectations and equity prices. The Risk and Mid-Office department is monitoring market risk exposure on a continuous basis (including intraday). Based on the limits set per product or the aggregated risk for the Group as a whole, limit breaches, if any, will trigger action from the Risk and Mid-Office department in order to reduce the risk.

In addition to the Group's Risk and Mid-Office department, the trading positions are also monitored daily and the applicable haircut and margins are computed by the Group's prime brokers. The Risk and Mid-Office department computes the haircut using internal models enabling intra-day monitoring. Limits are set on both capitally and credit usage.

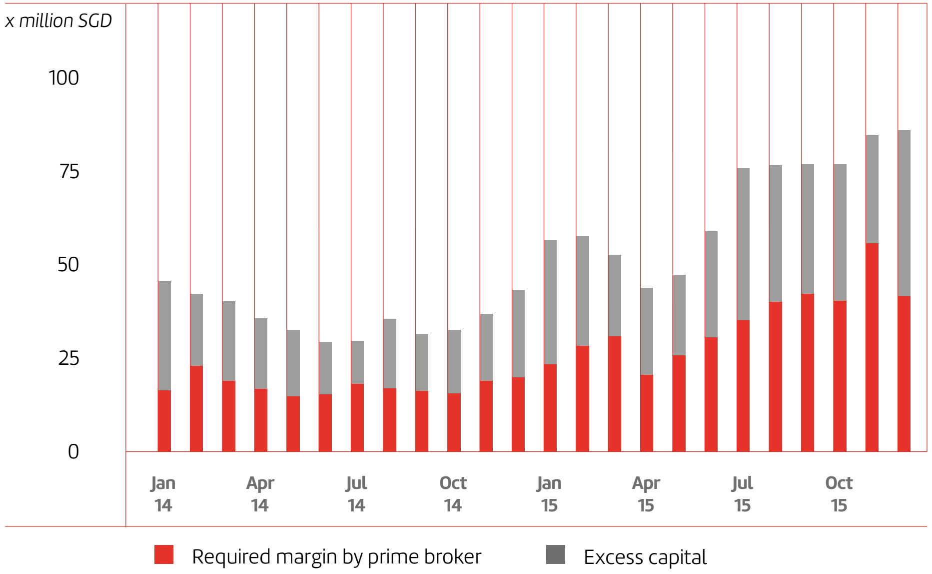
Long and short trading positions include securities and derivatives such as: shares, American depositary receipts ('ADRs'), options, warrants, futures, forward rate agreements ('FRAs'), exchange-traded products ('ETP'). All traded financial instruments are liquid instruments, listed on-exchange. Therefore the portfolio can always be liquidated within a short time frame and with limited costs.

Financial instruments that are held for trading are presented on the balance sheet at fair value and any change in value is reflected under net trading income in the profit-and-loss account.

The Group seeks to hedge its trading positions for market movements and does not engage in long and/or short only positions. The direction of market movements, i.e. what the Group considers directional market risk, is not relevant for the Group because of this long/short trading strategy. Because of the manner in which the Group hedges foreign currency, interest rate risk and other price risk the directional market risk is close to zero. Therefore no sensitivity analysis has been disclosed.

The overall (market) risk (including interest rate risk, credit risk, foreign currency risk and settlement risk) of the financial assets and liabilities held for trading are captured in the risk and margin requirements which the Group has to post at its prime brokers and clearing firms. The consolidated margin and haircut requirements over 2015 is shown in the table below. The haircut set out in the graph below reflects the mandatory capital requirement of the prime brokers, although the positions are fully hedged a minimum risk close to zero remains as a result of inefficiencies in the models of the prime brokers.

Flow Traders Asia Pte – Margin and excess capital 2014 – 2015



Foreign currency risk

The Group is exposed to currency risk arising from trading positions denominated in a currency other than the respective functional currencies of Group entities, primarily the euro, but also United States dollar and Singapore dollar.

Foreign currency risk also arises on net investments in foreign operations as well as net results of these foreign operations during the year.

The Group manages foreign currency risk through daily monitoring of the positions by currency. Generally the Group seeks to hedge foreign currency exposures in currencies other than the functional currency.

The Group does not use financial instruments to hedge the translation risk related to net investments in foreign operations or net results of foreign operations.

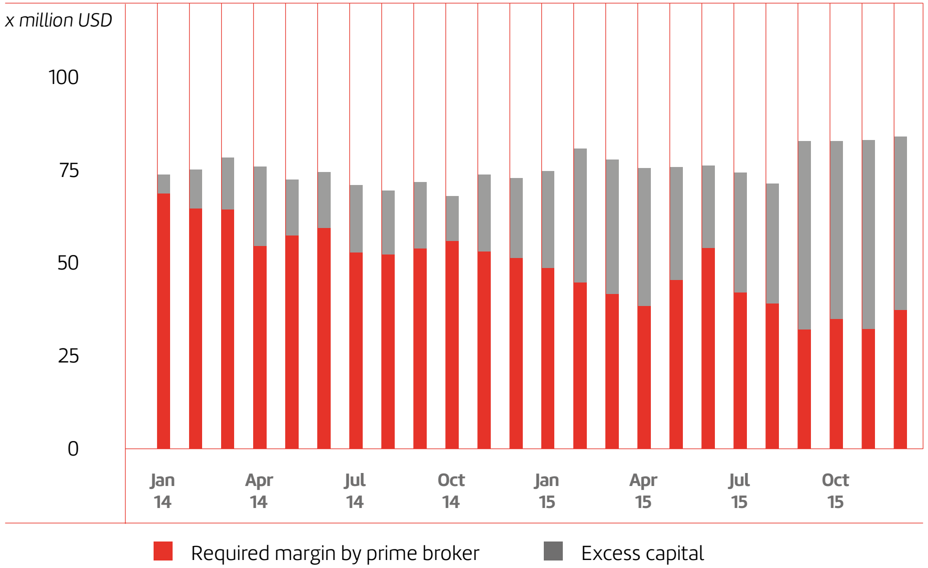
Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability of the fair value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of arranged interest rates of assets and liabilities. The Group has limits in place on interest rate gaps for stipulated periods. These limits ensure that interest rate risks are hedged. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

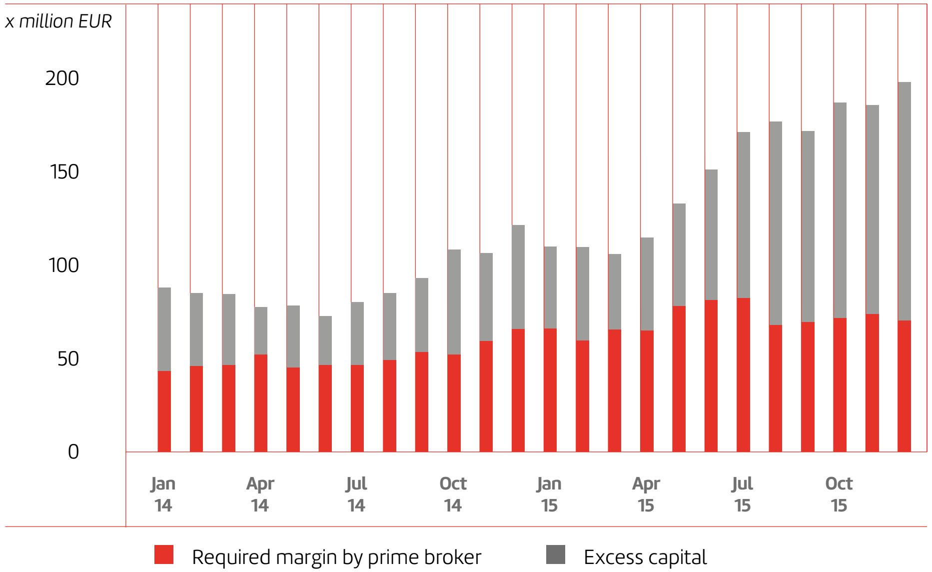
All financial instruments are held for trading purposes and are accounted for at fair value on the balance sheet. The Group is engaged in high velocity liquidity provision and therefore all positions held on the balance sheet are short term and in addition are all listed on exchanges and therefore in general liquid and tradable.

As mentioned under the paragraph trading payables, the Group has a credit facility available to facilitate the trading positions accounted for on the balance sheet. In order to match the liquidity and short holding period of these trading positions, the facility has an interest rate payable, which is floating. The Group runs a limited risk on the floating interest due to the fact that the interest is also embedded in the funding and financing of the long/short positions and in the EFP of the future.

Flow Traders U.S. LLC – Margin and excess capital 2014 – 2015



Flow Traders B.V. – Margin and excess capital 2014 – 2015



Other price risk

Equity price risk and commodity price risk arises from trading positions as well as the Group's investments in available-for-sale securities. In addition, for its option positions, the implied volatility of the underlying contract is an additional risk factor. Other factors to consider are time and dividend expectations.

The Group manages other price risks by defined limits in terms of individual positions (per product) and aggregate position per trading desk relating to size of the exposure, concentrations, pricing and valuation parameters and natural hedging between these long and short positions.

As the Group is active in liquidity provision and does not speculate on directional moves in underlying values, the net delta positions of the portfolios should be close to zero.

In addition to daily internal monitoring measures, applicable haircut and margins are computed by the Group's prime brokers. The haircut analysis measures all positions, individual and correlated, and reflects the different risk components. The third party haircut calculation is a control mechanism that completes the Group's overview of the risks that it is exposed to on a daily and overnight basis. An overview of the overall market risk is presented under Market risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash position as well as the other available in credit lines with prime brokers is monitored on a daily basis.

Maturity based on contractual undiscounted cash flows is as follows:

At 31 December 2015	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	1,098,248	1,098,248	1,098,248
Borrowings	1,085,046	1,085,046	1,085,046
Total trading payables	**2,183,294**	**2,183,294**	**2,183,294**

At 31 December 2014	Carrying amount	Contractual cash flow	3 months or less
Payable for securities bought	179,357	179,357	179,357
Borrowings	576,129	576,129	576,129
Total trading payables	**755,486**	**755,486**	**755,486**

Maturity analysis of financial assets and liabilities

The following table shows an analysis of the assets and liabilities according to when they are expected to be recovered or settled.

At 31 December 2015

	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Cash and cash equivalents	1,925	1,925	–	–	–
Financial assets held for trading	3,394,504	3,394,504	–	–	–
Trading receivables	1,161,238	1,161,238	–	–	–
Other receivables	11,170	–	11,170	–	–
Available-for-sale investments	1,625	–	–	–	1,625
Investments in associates	808	–	–	–	808
Deferred tax assets	4,106	–	–	4,106	–
Non-derivative financial assets	**4,575,376**	**4,557,667**	**11,170**	**–**	**2,433**
Financial liabilities held for trading	1,607,376	1,607,376	–	–	–
Trading payables	2,183,294	2,183,294	–	–	–
Bonus payables	107,379	–	64,103	–	43,276
Long term loans/Lease commitments	1,962	–	–	675	1,287
Other payables	24,668	–	24,668	–	–
Non-derivative financial liabilities	**3,924,679**	**3,790,670**	**88,771**	**675**	**44,563**
Mark to market derivative assets	859,785	859,785	–	–	–
Derivative assets	**859,785**	**859,785**	**–**	**–**	**–**
Mark to market derivative liabilities	428,227	428,227	–	–	–
Derivative liabilities	**428,227**	**428,227**	**–**	**–**	**–**

At 31 December 2014	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Cash and cash equivalents	2,322	2,322	-	-	-
Financial assets held for trading	2,779,331	2,779,331	-	-	-
Shareholder loans	215	-	-	-	215
Trading receivables	495,656	495,656	-	-	-
Other receivables	4,292	-	4,292	-	-
Available-for-sale investments	1,236	-	-	-	1,236
Investments in associates	106	-	-	-	106
Non-derivative financial assets	**3,283,158**	**3,277,309**	**4,292**	**-**	**1,557**
Financial liabilities held for trading	1,509,099	1,509,099		-	-
Trading payables	755,486	755,486	-	-	-
Bonus payables	59,750	-	43,331	-	16,419
Long term loans/Lease commitments	225	-	-	-	225
Short term loans	3,306	-	-	3,306	-
Other payables	26,507	-	26,507	-	-
Non-derivative financial liabilities	**2,354,373**	**2,264,585**	**69,838**	**3,306**	**16,644**
Mark to market derivative assets	16,753	16,753	-	-	-
Derivative assets	**16,753**	**16,753**	**-**	**-**	**-**
Mark to market derivative liabilities	825,166	825,166	-	-	-
Derivative liabilities	**825,166**	**825,166**	**-**	**-**	**-**

Capital management

The Management Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Prior to the conversion, capital consisted of member accounts, which are comparable to ordinary shares and retained earnings of the Group. The Management Board monitors the return on its capital as well as the level of dividends to its shareholders (previously its members).

As discussed above, the Group is prudentially supervised by the Dutch Central Bank (*De Nederlandsche Bank,* DNB). In addition, as its Dutch trading subsidiary a registered investment firm dealing on own account in its capacity of market maker, the Group is subject to the rules and regulations of the Dutch Financial Services Act (*Wet op het Financieel Toezicht*) and, as a member of various venues, the Group is also subject to rules and regulations of the exchanges.

If a firm fails to maintain the required net capital, it may be subject to suspension or revocation or registration by the applicable regulatory agency, and suspension or expulsion by these regulators could ultimately lead to the Group's liquidation. Additionally, these rules may have the effect of prohibiting a proprietary trading firm from distributing or withdrawing capital and requiring prior notice to and approval from DNB for certain capital withdrawals.

The available capital in the trading companies is monitored on a daily basis to ensure that requirements are met at all times and sufficient capital is available to support the Group's strategy.

During 2015, the Group's net capital was above the regulatory minimum requirements.

There were no changes in the Group's approach to capital management during the year.

Liquidity and capital resources

Beside equity, the principal sources of funds have been liquidity provided by the prime brokers through uncommitted credit lines and margin financing, as well as cash generated from our operating activities. As of 31 December 2015, the Group held €1.9 million in cash and cash equivalents compared to €2.3 million as of 31 December 2014. These balances are maintained primarily to support operating activities, including ensuring that the Group has sufficient short-term access to liquidity, and capital expenditures.

The Group maintains a highly liquid balance sheet, with a large portion of its total assets consisting of cash, highly liquid marketable securities and short-term trading receivables (arising from securities transactions). As of 31 December 2015, 99.1% of our total assets were financial assets held for trading and trading receivables compared to 99.1% as of 31 December 2014.

The Group actively manages its liquidity on an intra-day basis and maintains significant portfolio financing facilities with the prime brokers in order to facilitate trading. These facilities are secured by cash and cash equivalents, as well as all financial assets in accounts held at the respective prime broker. The Group has no outstanding borrowings other than borrowings outstanding under the portfolio financing facilities with prime brokers.

Capital requirements

The Group's regulators and prime brokers require certain levels of capital, which are managed by the Group in order to maintain net liquidity (which represents the value of our trading positions, principally long and short positions in equity securities, plus cash and cash equivalents) in excess of our various capital requirements at all times.

Prime broker capital requirements

The prime brokers require the Group to maintain certain minimum capital levels. Prime brokers use different internal systems to calculate required capital amounts (e.g., the so-called 'internal haircut model' and the so-called 'margin based approach model', both intending to ensure sufficient levels of risk allowances) and have different limits structure, pre-funding possibilities and cut-off times for wiring capital. The aggregate capital that is required to maintain by the prime brokers is significantly in excess of the actual risk exposure, principally due to (i) the offsetting legs of a transaction sometimes being cleared through different prime brokers and therefore each leg requiring a margin to be posted separately and therefore no offsets are applicable across prime brokers, irrespective of the overall risk exposure to our business and (ii) margin requirements of its prime brokers being affected by the sophistication of their models (which might not correspond to our models) and the regulatory requirements applicable to them.

The following table sets forth our net liquidity, capital required to be posted by our prime brokers and our excess liquidity as of the dates indicated:

	At 31 December	
	2015	**2014**
Net liquidity at clearings/prime brokers	336,845	201,989
Cash at banks	1,925	2,322
Net trading capital	**338,770**	**204,311**
Required margin to be posted	(113,770)	(113,900)
Excess liquidity	**225,000**	**90,411**

As shown in the graphs above under Market risks, during 2015 all prime broker minimum capital level requirements are met for all the trading subsidiaries.

Regulatory capital requirements

The Company and our subsidiary Flow Traders B.V. are subject to separate regulatory capital requirements in the Netherlands and our subsidiary Flow Traders U.S. LLC is subject to regulatory capital requirements in the United States. Flow Traders Asia Pte. Ltd. is exempt from regulatory capital requirements.

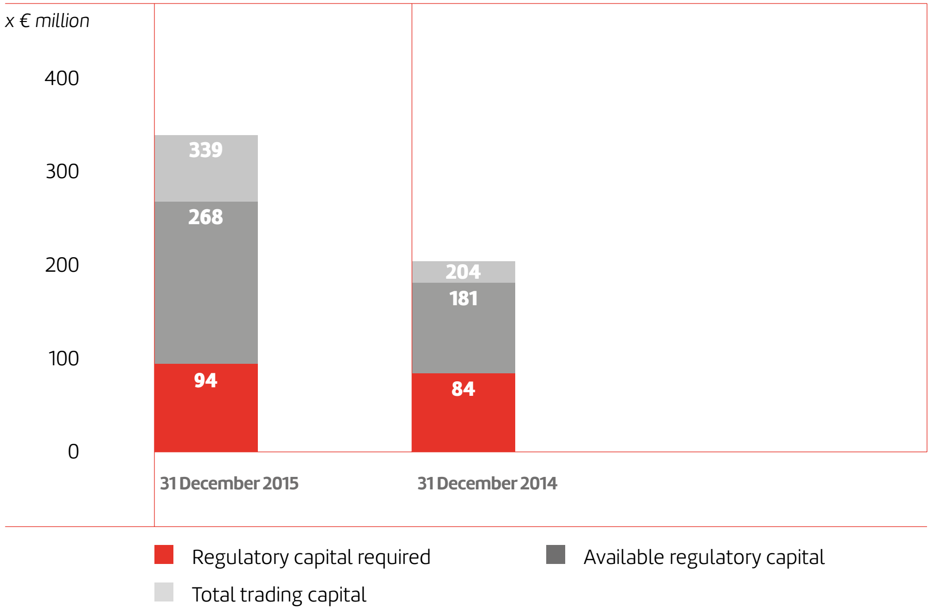
Failure to comply with regulatory capital requirements could result in sanctions, including citations, fines, limits to our trading and revocation of a regulatory license.

Dutch regulatory capital requirements

The regulatory capital requirement prescribed by the Dutch Central Bank in respect of Flow Traders B.V. and the Company is deemed to be satisfied if the regulatory capital of Flow Traders B.V. and the Company is at least equal to their last reviewed or audited equity by our external auditor. The following table sets forth regulatory capital, regulatory capital requirements and excess regulatory capital for Flow Traders B.V. and our Group as reported in regulatory filings as of the dates indicated:

FLOW TRADERS B.V.	At 31 December	
	2015	2014
Regulatory capital	151,700	114,800
Regulatory capital requirements	(67,800)	(57,400)
Excess regulatory capital	**83,900**	**57,400**
Group		
Regulatory capital	268,000	180,500
Regulatory capital requirements	(94,000)	(84,300)
Excess regulatory capital	**174,000**	**96,200**

Group regulatory capital



U.S. regulatory capital requirements

The SEC and FINRA impose rules on Flow Traders U.S. LLC, as a registered U.S. broker-dealer, that require notification when regulatory capital levels fall below certain pre-defined criteria. These rules also dictate the ratio of debt-to-equity in Flow Traders U.S. LLC's regulatory capital composition and constrain its ability to expand its business under certain circumstances. These regulations also prohibit repaying subordinated borrowings, paying cash dividends, making loans to the firm's parent, affiliates or employees, or otherwise entering into transactions which would result in a reduction of its total net capital to less than 120% of its required minimum capital. Moreover, Flow Traders U.S. LLC is required to notify the SEC, FINRA and other regulators prior to repaying subordinated borrowings, paying dividends and making loans to its parent, affiliates or employees, or otherwise entering into transactions, which, if executed, would result in a reduction of 30% or more of its excess net capital (net capital less minimum requirement).

The following table sets forth regulatory capital, regulatory capital requirements and excess regulatory capital for Flow Traders U.S. LLC as reported in its regulatory filings as of the date indicated:

FLOW TRADERS U.S. LLC	At 31 December	
	2015	2014
Regulatory capital	74,900	37,600
Regulatory capital requirements	(26,200)	(26,900)
Excess regulatory capital	**48,700**	**10,700**

Singapore regulatory capital requirements

The Singapore trading subsidiary is exempt from regulatory capital requirements. Therefore its entire equity can be interpreted as excess regulatory capital. Such regulatory excess can be used for other purposes within the Group, including covering capital requirements (prime broker or regulatory) in other trading subsidiaries.

Subsequent events

Subsequent events have been evaluated through the time of issuing these financial statements on 17 March 2016.

No material subsequent events have occurred since 31 December 2015 that require recognition or disclosure in this year’s financial statements.

PARENT COMPANY BALANCE SHEET *In thousands of euro*

	Note	31 December 2015	For the year ended 31 December 2014
Assets			
Participating interest in group companies	1	291,201	184,238
Receivables from related parties		-	8,948
Other receivables		830	-
Cash		14	43
Total assets		**292,044**	**193,229**
Liabilities			
Liabilities to related parties		30,539	34,595
Dividend payable		-	11,055
Current tax liabilities		11,504	4,053
Deferred tax liabilities		-	469
Other liabilities		3,454	265
Total liabilities		**45,497**	**50,437**
Equity			
Capital account members	2	-	133,077
Share capital	2	4,653	-
Share premium	2	150,826	-
Retained earnings	2	74,024	-
Currency translation reserve	2	17,710	9,600
Fair value reserve	2	(666)	115
Total equity		**246,547**	**142,792**
Total equity and liabilities		**292,044**	**193,229**

PARENT COMPANY INCOME STATEMENT

	Note	31 December 2015	For the year ended 31 December 2014
Share in result from participating interests, after taxation		99,634	68,143
Other result after taxation		(2,343)	(274)
Net result		**97,291**	**67,869**

Notes to the parent company financial statements

All amounts in thousands of euro, unless stated otherwise.

General

With reference to the income statement of the parent Company, the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code was applied.

Principles for the measurement of assets and liabilities and the determination of the result

In setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its parent Company financial statements, the Group applies the option provided in section 2:362 (8) of the Netherlands Civil Code. The principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the parent company financial statements are the same as those applied for the consolidated IFRS-EU financial statements. Participating interests, over which the Company exercises significant influence, are stated on the basis of the equity method. These consolidated IFRS-EU financial statements are prepared according to the standards of the International Accounting Standards Board as endorsed by the European Union (hereinafter referred to as IFRS-EU). Please see notes to consolidated statements chapter 1 to 4 for a description of these principles

The share from profit from participating interests consists of the share of the Group in the results of these participating interests. Results on transactions, comparing the transfer of assets and liabilities between (i) the Group and its participating interests on (ii) between participating interests themselves, are not recognized.

1. Financial fixed assets

	At 31 December	
	2015	2014
Participating interest in group companies	291,201	184,238
Total financial fixed assets	**291,201**	**184,238**

The movements of the financial fixed assets can be shown as follows:

	2015	2014
Balance at 1 January	**184,238**	**176,717**
Changes:		
■ exchange rate differences	8,110	9,018
■ revaluation reserve	(781)	425
■ share in result of participating interests	99,634	68,413
■ dividend declared	-	(70,065)
Balance at 31 December	**291,201**	**184,238**

2. *Equity*

	Capital account member A	Capital account member B	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2015	**15,000**	**118,077**	**–**	**–**	**9,600**	**115**	**–**	**142,792**
Profit	–	–	–	–	–	–	97,291	97,291
Total other comprehensive income					8,110	(781)		7,329
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**8,110**	**(781)**	**97,291**	**104,620**
Transactions with owners of the Company								
Capital contribution	–	22,165	–	–	–	–	–	22,165
Conversion member capital to shares	(15,000)	(140,242)	4,653	150,589	–	–	–	-
Additional share premium	–	–	–	237	–	–	–	237
Dividends	–	–	–	–	–	–	(23,267)	(23,267)
Total transactions with owners of the company	**(15,000)**	**(118,077)**	**4,653**	**150,826**	**–**	**–**	**(23,267)**	**(865)**
Balance at 31 December 2015	**–**	**–**	**4,653**	**150,826**	**17,710**	**(666)**	**74,024**	**246,547**

3. *Off-balance sheet commitments*

The Company has no off-balance sheet commitments.

4. *Claims*

The Company is not involved in any significant legal procedures and/or claims.

There are no other contingent liabilities.

5. *Auditor fees*

With reference to Section 2:382a (1) and (2) of the Netherlands Civil Code, the following fees (including VAT) for the financial year have been charged by KPMG Accountants N.V. and its member firms and affiliates to the Group, its subsidiaries and other consolidated entities:

FEES OF THE AUDITOR *In thousands of euro*

	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
			2015
Statutory audit of annual accounts	219	36	255
Other assurance services	279	21	300
Other non-audit services	–	177	177
Total auditor fees 2015	**498**	**234**	**732**

	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
			2014
Statutory audit of annual accounts	168	25	193
Other assurance services	–	13	13
Total auditor fees 2014	**168**	**38**	**206**

Amsterdam. 17 March 2016

The Management Board:

D.D.M. Dijkstra S.A. Rietberg

The Supervisory Board:

E.D. Drok J.T.A.G. van Kuijk O.J. Bisserier R. Ferscha R.H.C. Hodenius J.K.J. Sikkens

Other information

Provisions in the Articles of Association governing the appropriation of profit

The provisions in the articles of association governing the appropriation of profit read as follows:

1. The Management Board may decide, with the approval of the Supervisory Board, that the profits realized during a financial year will fully or partially be appropriated to increase and/or from reserves.
   The profits remaining after application to or from reserves shall be put at the disposal of the general meeting at the proposal of the Management Board, with the approval of the Supervisory Board. A proposal to pay dividend shall be dealt with as a separate agenda item at the general meeting.
   Distributions from the Company's distributable reserves are made pursuant to a resolution of the general meeting at the proposal of the Management Board, with the approval of the Supervisory Board.
   Provided it appears from an interim statement of assets signed by the Management Board that the requirements concerning the position of the Company's assets has been fulfilled the Management Board may, with the approval of the Supervisory Board, make one or more interim distributions to the holders of shares.
   The Management Board may decide, with the approval of the Supervisory Board, that a distribution on shares shall not take place as a cash payment but as a payment in shares, or decide that holders of shares shall have the option to receive a distribution as a cash payment and/or as a payment in shares, out of the profit and/or at the expense of reserves, provided that the Management Board is designated by the general meeting. With the approval of the Supervisory Board, the Management Board shall determine the conditions applicable to the aforementioned choices.
2. The Company's policy on reserves and dividends shall be determined and can be amended by the Management Board, with the approval of the Supervisory Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the general meeting under a separate agenda item.
3. Distributions can only be made up to the amount of the distributable part of the shareholders equity.
4. Dividends and other distributions will be made payable pursuant to a resolution of the Management Board within four weeks after adoption, unless the Management Board sets another date for payment.
5. The claim of a shareholder to receive any distributions shall lapse within five years after they have become due for payment.
6. For all dividends and other distributions in respect of shares included in the Statutory Giro System the Company will discharged from all obligations towards the relevant shareholders by placing those dividends or other distributions at the disposal of, or in accordance with the regulation of, Euroclear Netherlands.
7. In calculating the amount of any distribution on shares, shares held by the Company shall be disregarded.

Subsequent events

Subsequent events have been evaluated through the time of issuing these financial statements on 17 March 2016.

No material subsequent events have occurred since 31 December 2015 that require recognition or disclosure in this year's financial statements.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Flow Traders N.V.

Report on the audit of the annual financial statements 2015

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Flow Traders N.V. as at 31 December 2015, and of its result and its cash flows for the year 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of Flow Traders N.V. as at 31 December 2015, and of its result for the year 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2015 of Flow Traders N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the following consolidated statements for the year 2015: the profit and loss and other comprehensive income, changes in equity and cash flows; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the parent company balance sheet as at 31 December 2015;
- the parent company income statement for the year 2015; and
- the notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Flow Traders N.V. in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the *Verordening gedrags- en beroepsregels accountants* (VGBA).

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

Audit approach

Summary

Unqualified audit opinion

Materiality

- Overall materiality of EUR 4.75 million
- 5% of 3 year average Profit Before Tax (PBT)
- Result 2015 normalized

Audit scope

- Coverage of 95% of total assets and 100% of PBT
- Audit procedures at Group level for all entities

Key audit matters

- Valuation of the trading portfolio
- Reliability and continuity of IT systems

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 4.75 million (2014: EUR 4 million). The materiality is determined with reference to Profit Before Tax (PBT) (2015: 5%; 2014: 5%). To mitigate volatility of the chosen benchmark we have used a three year average. Moreover, we have normalized the Profit Before Tax for the year 2015 for the one off effects of the settlement of the Stock Appreciation Rights (EUR 33 million).

We consider Profit Before Tax as the most appropriate benchmark as we believe that it is a key metric stakeholders use when assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 230.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Flow Traders N.V. is head of a group of entities. The financial information of this group is included in the financial statements of Flow Traders N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit had to be carried out on the complete set of financial information or specific items.
Our group audit mainly focused on significant group entities, with significant entities being regarded the group entities where the primary trading activities are performed (Flow Traders B.V., Flow Traders Asia Pte. Ltd. and Flow Traders U.S. LLC).

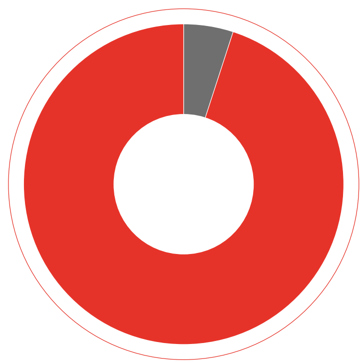
We have:

- performed audit procedures ourselves at group entities Flow Traders N.V. and Flow Traders B.V.;
- used the work of other auditors when auditing the entities Flow Traders Asia Pte. Ltd. and Flow Traders U.S. LLC;
- performed specific audit procedures at other group entities.

The group auditor sent detailed instructions to all component auditors, covering the significant areas that should be covered (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the group auditor.
We have had regular communications and executed audit file reviews at all component auditors. Based on our risk assessment, the group auditor visited component locations in the U.S.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Total assets



- Full scope audits **95%**
- Audit procedures at group level **5%**
- Out of scope **0%**

Profit before tax

- Full scope audits **100%**
- Audit procedures at group level **0%**
- Out of scope **0%**

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the Trading Portfolio

Description

Financial instruments reported as part of the trading portfolio are the most significant items on the balance sheet and are the key driver of net trading income. In accordance with the company's accounting principles as set out in note 4 of the financial statements, the trading portfolio is presented at fair value.

Management uses a range of pricing sources for the valuation of financial instruments (e.g. Bloomberg). Flow Traders also obtains daily reports from central clearing counterparties with information on positions and prices of the portfolio based on observable market prices. However as Flow Traders trades on numerous exchanges worldwide and therefore in multiple time zones, pricing adjustments are processed to the exchange prices to correct for differences due to, for example, timing. Due to the pricing adjustments made on the observable market prices a significant part of the financial instruments reported as held for trading are considered level 2 valuations (93% of financial assets held for trading and 86% of financial liabilities held for trading). The rest of the financial instruments reported as held for trading are considered level 1 valuations.

We consider these valuation of the trading portfolio and the pricing adjustments in particular a key audit matter as the trading strategies and pricing technology applied by the company are highly complex and such adjustments may be subject to management bias.

Valuation of the Trading Portfolio

Our response

We have tested the design & implementation of internal controls over the daily reconciliation of security positions and prices provided by central clearing counterparties with security positions and prices applied by the company's traders and included in the company's records.

As part of our audit we have, together with our valuation specialists, tested the market values applied by management by comparing the valuation of the integral trading portfolio including related pricing adjustments with publicly available market data.

Our observation

Based on our procedures we found that the manner in which fair values are determined by management result in appropriate valuations of the trading portfolio which are in accordance with the accounting principles and disclosed by the company in note 7.

Reliability and continuity of IT systems

Description

Reliability and performance of IT infrastructure and IT systems is critical for the continuity of the trading activities of Flow Traders. The nature of the industry and Flow Traders operations makes it vulnerable to IT disruptions that may cause significant operational losses and/or threaten the continuity of the company. We have therefore consider the reliability and continuity of IT systems a key audit matter.

Our response

We have tested the operating effectiveness of internal controls that mitigate the risk of disruption of trading activities and key trading applications. This includes change management procedures including those that relate to the authorization and implementation of automated trading strategies, access controls that ensure proper segregation of duties and authorized trading, and controls relating to business continuity.

Our observation

Based on our procedures we found that internal controls that mitigate risk of disruption of trading activities and key trading applications are operating effectively.

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Management Board Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless it either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/standardtexts-auditorsreport.

Report on other legal and regulatory requirements

Report on the Management Board Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Management Board Report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Management Board Report, to the extent we can assess, is consistent with the financial statements.

Engagement

We have been auditor of Flow Traders N.V. (or legal predecessor) as of the audit for year 2004 and have operated as statutory auditor since then. A new auditor was appointed by the Supervisory Board for the year 2016.

Amstelveen, 17 March 2016
KPMG Accountants N.V.
J.J.A. van Nek RA

This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks.

The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements.

Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected.

Statements regarding the market, industry and trends, including ETP Assets under Management in certain markets, ETP Value Traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.

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