INTL NETHERLANDS BV

Pillar III disclosures
30 September 2017

INTL Netherlands BV
Pillar III disclosures
As at 30 September 2017

COMPANY NUMBER 800345460

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1 OVERVIEW

1.1 Group Structure

INTL Netherlands BV ("NED" or the "Company") is a wholly-owned subsidiary of INTL FCStone Inc., a US corporation quoted on the NASDAQ exchange (Group). The Company owns 100% of one company incorporated and resident in the UK - INTL FCStone Ltd (IFL).

NED does not own any other companies, and acts only as a non-trading holding company. NED and IFL constitute the NED group for the purposes of this report, and 'group' within tabulations.

1.2 Scope of disclosure requirements

INTL FCStone Ltd is a full-scope IFPRU €730k investment firm and regulated by FCA, and consequently INTL Netherlands BV is required to disclose information under European Parliament's rules outlined in Capital Requirements Regulations (EU CRR (575/2013)) & Directives (EU CRD (2013/36/EU)), commonly referred to as CRD IV.

The Company and its subsidiary are each subject to CRD IV, and the rules prescribed by the FCA. The CRD IV introduced a prudential framework for firms with an aim of aligning capital more closely to risks. The prudential framework consists of three components called Pillar I, Pillar II and Pillar III.

- Pillar I The minimum capital requirements the authorised firms are required to hold for credit, market, credit valuation adjustment and operational risks. IFL calculates Pillar I requirements at least every three days and it is monitored by various departments and its executive directors.
- Pillar II Designed to complement Pillar 1 requirements by assessing the need to hold addition capital to ensure there is no significant risk that liabilities cannot be met as they fall due.
- Pillar III A set of disclosure in accordance with the requirements of Part Eight, art 431-455, of the CRR. which allows market participants to assess key information on a firm's capital, risk exposures and risk assessment processes. The disclosures are to be made to the market for the benefit of the market.

1.3 Non-material, proprietary or confidential information

The EU CRR rules, governing Pillar III disclosures, provide that the Group may choose not to disclose information which is not material (Article 432) (1). The Group may also choose not to disclose information if it is proprietary or confidential, though it must state if any such items have been omitted (Article 432) (2); it has not availed itself of this exemption. In any event full disclosure is required of Risk Management Objectives and Policy (Article 435 (2) (C)), Own funds (Article 437) and Remuneration Policy (Article 450).

1.4 Basis and Frequency of disclosures

The following disclosures apply to the Company's consolidated financial position and are prepared in accordance with the Part Eight of the EU CR (Articles 431-455). This document has been reviewed and approved by the Board of Directors.

Pillar 3 disclosures will be published at least annually and as soon as practicable after the publication of the Group's annual Report.

Unless otherwise stated all figures are as at 30 September 2017 and are in US Dollars which is the company's reporting currency.

1.5 Location

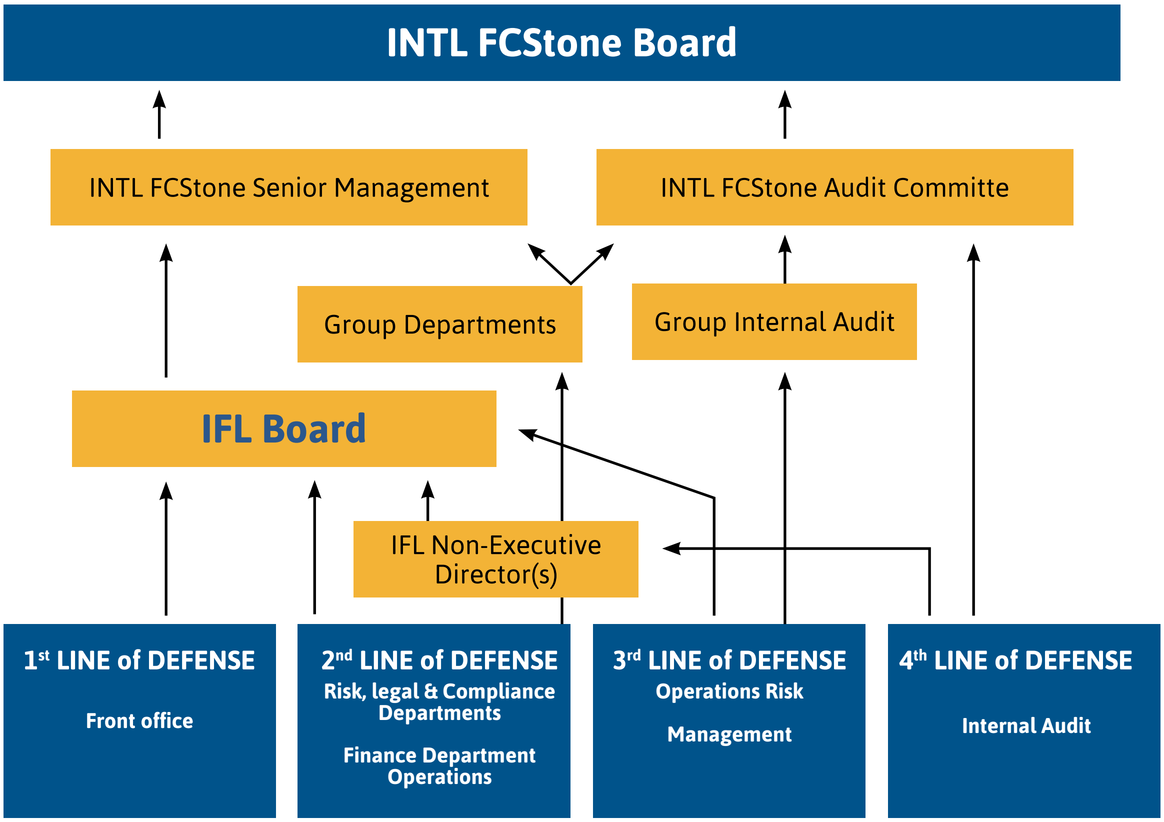
The Pillar III will be published on the INTL FCStone Ltd's corporate website http://ir.intlfcstone.com/

1.6 Verification

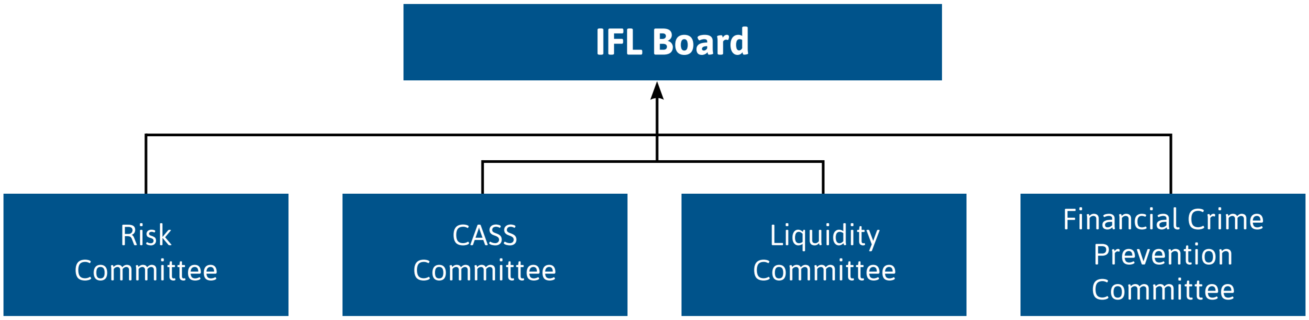
Disclosure will only be subject to external verification to the extent they are equivalent to those taken from the audited annual financial statements. These disclosures explain how the Board has calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about the Group.

2 GOVERNANCE STRUCTURE

The Group maintains organisational structures with clear lines of responsibility, effective risk reporting and internal controls.



IFL has four formal committees which report directly to IFL Board. Non-Executive directors are members of the Risk and Internal audit committees:



IFL's Board is made up of the Group's Chief Executive Officer, IFL's Chief Executive Officer, IFL's Chief Financial Officer and two Non-Executive directors. None of the Board members hold any directorship outside of the Group.

3 RISK MANAGEMENT

3.1 Risk declaration

Risk is defined as the exposure to adverse consequences arising from internal or external changes, actions, events, decisions and/or circumstances which have the potential to reduce shareholder value.

The Risk Appetite is, therefore, an expression of the volatility in earnings the business is prepared to accept in pursuit of a stated strategy. It is also a critical element in the forward looking estimate of the capital (and liquidity) needs of the business.

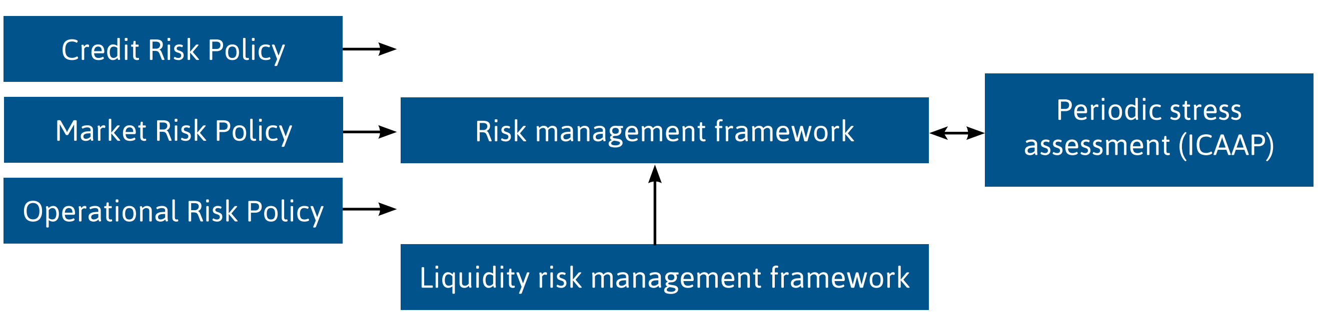
The INTL FCStone Inc. Board provides strategic leadership and oversight for the Company and its UK subsidiary as well as setting the global risk appetite. IFL's Board is required to ensure that its strategy and risk parameters conform to the global boundaries but has the authority to implement a more conservative strategy and set of risk parameters. The INTL FCStone Inc. group has constituted a governance structure with various committees, notably in the areas of Risk, which provide additional oversight.

Therefore IFL's risk appetite aims to:

- Be reflective of current INTL FCStone Inc strategy, including objectives, business plans and stakeholder expectations;
- Reflect all key risk attributes of the business;
- Acknowledge a willingness and capacity to take on specific risks (within appropriate limits);
- Create an environment for a tolerance for loss with respect to "passive" risks; and
- Take into account the skills and resources required to manage and monitor risk exposure versus the stated risk appetite.

3.2 Risk Management and Objectives - IFL

IFL describes its risk management through various frameworks:



Periodic reviews of the risk management framework are undertaken at both INTL FCStone group and local level and revisions made where appropriate to reflect any changes in the Company's risk appetite.

Policies are approved by the IFL Board and are determined by reference to the lower of IFL and Group appetites. Frameworks describe the internal reporting, monitoring/escalation, and responsibilities for managing risks, and the ICAAP (undertaken at least annually) assesses the risks and capital required to meet those risks.

IFL faces a number of key risks in conducting business. Liquidity, credit, market and operational risks are responsible for much of the required capital held within the Company's group and at an individual entity level.

MARKET RISK

IFL's business strategy does not entail the deliberate taking of directional risk. It is, however, a market maker, and therefore routinely takes positions, typically overnight. All market risk is subject to agreed parameters and monitored by the Risk department and the limits are set such that the Firm expects never to make a loss in any day, even if some businesses segments might do so. The Pillar I market risk requirement more than covers the capital the Firm requires for this risk.

CREDIT RISK

The objective of IFL's credit risk management is to ensure it operates within a risk appetite that can be described as 'cautious to risk'.

Specifically IFL's credit risk policy sets risk appetite such that no two closely occurring defaults would be expected to exceed a tolerable percentage of its net equity capital at any time. In the case of clients with derivative contracts this is on the basis of stressed underlying net positions, and after taking account collateral received.

However this appetite applies only to clients and counterparties: IFL's Board accepts that funds can be placed, and settlement limits set, with established banks and clearing houses in excess of the stated appetite, though always within Pilar I large exposure limits.

The above risk appetite feeds into the parameters that the Risk department applies when granting trading limits to clients and in their continuous monitoring of client balances and positons. Any day-end breaches are reviewed and where necessary managed down in cooperation with the relevant department.

LIQUIDITY RISK

The objective of IFL's risk liquidity management is for that entity to have enough liquid resources to be able to meet its obligations as they fall due while maintaining the regulatory buffers as required by the FCA's ILAS regime (per BIPRU 12) with which the company must comply.

Each relevant business line has been set an array of limits which ensure that aggregate liquid capital required does not exceed that which is available. The treasury function monitors these daily and works with any business to manage them back to within permitted parameters.

OPERATIONAL RISK

Operational risks are assessed quarterly, with key risk indicators being reported to the IFL Board. These KRIs have been developed with the INTL FCStone group's Operational Risk Management team and a standardised approach has been adopted across the INTL FCStone group.

The Pillar II process includes consideration of events that have not occurred. However when events do occur Operational Risk Management incidents are logged, regardless of any losses incurred, and analysed to ensure that adequate management action is taken in respect of the cause. The nature of the incidents are considered in IFL's regular assessment of the adequacy of the Pillar II capital requirement.

Assessments are continuous but, at the financial year end, the four specific operational risks with a potential for the most material adverse financial impact after mitigation were identified. These are:

- Failure to comply with AML regulation
- System failure (third party or internally built software/systems failure)
- Failure to comply with all regulations in the safeguarding of client assets under various regimes
- Business continuity (failure of data lines, server centres, inability to access offices)

Each of these risks has received the full attention of management, and effective mitigation designed and implemented, as have all others with the potential to incur material financial cost (pre mitigation). Mitigation includes: back up data server centres across two continents with tested failover processes, duplicate data lines into London offices, operations split across two offices, available serviced offices for critical staff, well-resourced internal audit and compliance departments, and a dedicated data security department.

New products are approved by the New Product Committee, where the IFL's Head of Risk is a member and will review and approve from an Operational Risk perspective.

All identified risks are reviewed by the Operational Risk department and at least once a year the whole management team is invited to challenge the impact and effectiveness of mitigation, in a process overseen by the Board of the Company.

4 OWN FUNDS-CAPITAL RESOURCES

The Company's capital is fully in the form of the Common Equity Tier-1 (CET-1), which is comprised of ordinary shares and retained earnings.

Shown below is the capital of the Company and its subsidiary (IFL):

	INTL Netherlands BV (in USD)	INTL FCStone Ltd (IFL) (in USD)
Permanent share capital	30,000,000	90,000,000
Accumulated profit and loss account and other reserves	131,799,025	72,119,423
Income for the year 2017	35,497,829	35,520,326
Deductions from capital	-3,814,619	-3,438,327
of which:		
Intangible assets	-2,965,133	-2,965,133
Free deliveries	-473,194	-473,194
Goodwill	-376,293	0
Total CET1 Capital after deduction	193,482,235	194,201,423
Total Tier 1 Capital after deductions	193,482,235	194,201,423
Own Funds	193,482,235	194,201,423

Common Equity Tier 1 capital is the highest ranking form of capital and, as can be seen from the above table, consists of permanent share capital and retained earnings.

5 CAPITAL REQUIREMENTS

5.1 Credit Risk

Credit risk is defined as the risk of clients, counterparties or other parties failing to meet or perform their obligations to the company at all or in a timely manner, causing a loss to the NED group.

Credit risks can be mitigated by counterparties providing margin against their open positions on derivative contracts held with IFL. Cash is accepted in the major convertible currencies. On occasion IFL will hold warrants purchased on instruction from clients and if there is a shortfall of cash margin IFL will treat these as collateral but not at full value .

In the case of the Global Payments business of IFL the customers consist mainly of well-established aid agencies, NGOs, supranational bodies, and banks, mainly trading in spot FX. Formal margining is not undertaken in this business.

Credit limits are set in accordance with the financial strength of the counterparty but with ceilings such that stressed potential exposures are expected to be within the risk appetite limits, as described above.

Both Credit and Counterparty Risk exposures are monitored daily by the risk department which reports to the executive directors and the full Board. Any historic charges for bad debts have been well within the Company's risk appetite.

Exposures are shown below after deducting cash collateral received (where netting is permitted in all relevant jurisdictions) subject to the required reduction for cash received in currencies other than used in the close-out computation provisions of the governing master agreements.

IFL takes into account the effect of netting agreements with the counterparties incorporated in the jurisdictions for which IFL has the netting opinion.

5.1.1 External Credit Assessment Institutions (ECAI)

The Company has nominated Standard and Poor's to map to the required credit steps, where a rating is available. Such credit rating is available to approximately 4.8% of the Company's exposures to Corporates and 39% of the Company's exposure to Institutions. Institutions are weighted at between 20% and 100%, while qualifying central counterparties are weighted at 2%. At 30 September 2017 total credit exposures were as follows, before applying risk weights:

Credit Quality Step	S&P Credit Rating	Exposure (in USD)- INTL Netherlands BV
1	AAA to AA-	39,065,099
2	A+ to A-	278,879,964
3	BBB+ to BBB-	6,374,530
4	BB+ to BB-	9,356,166
5	B+ to B-	4,321,766
6	CCC+ and below	6,758
Rated Exposure Total		**338,004,285**
Unrated		1,279,493,976
Total		**1,617,498,262**

5.1.2 Methods of calculation of own funds requirement

The Company has adopted the Standardised Approach to calculating credit risk exposure for Pillar I purposes (EU CRR Part-3, Title II, Chapter 2), which sets out how risk weighting is to be applied to all credit risks, such as amounts held at banks.

With regard to derivative contracts with brokers, clearing houses and clients, the calculation of capital required for 'Counterparty Credit Risk', which takes account of underlying instruments, follows the Mark-to-market method, as outlined in EU CRR Part-3, Title II - Chapter 6-Section 3.

Credit risk mitigation methods are applied as set out in EU CRR Part-3, Title II - Chapter 4 to the extent permitted.

IFL includes within the counterparty risk component the client balances which are segregated within the client money regulations. Although these balances are not included in its balance sheet under IFRS nonetheless a client may be under-margined on moving into default and therefore this represents an exposure.

5.1.3 Credit and Counterparty Credit risk Capital Requirements

The Pillar I Risk Weighted Exposure and the Capital Requirement for credit and counterparty credit risks under Standardised Approach (excluding capital requirements for contributions to the default fund of a CCP), after applying risk weighting, at 8% risk capital charge was:

	INTL Netherlands BV (in USD)	INTL FCStone Ltd (IFL) (in USD)
Risk Weighted Exposure-The credit and counterparty risk Standardised Approach	655,761,649	655,654,152
The credit and counterparty risk capital requirement under Pillar I	52,460,932	52,452,332

5.1.4 Capital requirement on default funds with CCPs:

	INTL Netherlands BV (in USD)	INTL FCStone Ltd (IFL) (in USD)
Risk Exposure for contributions to the default fund of the CCPs	15,416,157	15,416,157
Contributions to the default fund of the CCPs capital requirement under Pillar I	1,233,293	1,233,293

5.1.5 INTL Netherlands BV- The exposure amounts by standardised credit risk exposure classes:

Exposure Class	Exposure in USD after collateral	Risk Weighted Exposure in USD	Capital requirement in USD
Central Governments or Central Banks	48,304,505	0	0
Public Sector Entities	2,244	2,244	179
International Organisations	0	0	0
Institutions	1,011,436,386	96,099,025	7,687,922
Corporates	537,595,837	539,501,090	43,160,087
Retail	0	0	0
Equity	3,674,772	3,674,772	293,982
Other items	16,484,518	16,484,518	1,318,761
Total	1,617,498,262	655,761,649	52,460,932

5.1.6 INTL Netherlands BV-The risk exposure amounts by geographic location:

Geographic Location	Exposure in USD	Risk Weighted Exposure in USD
Europe	1,052,360,006	342,980,659
Asia	167,063,314	166,724,945
North America	341,486,703	88,180,270
Latin America	35,557,766	35,477,201
Africa	19,408,725	21,127,136
Australasia	1,621,749	1,271,437
Total	**1,617,498,262**	**655,761,649**

5.1.7 Exposures by residual maturity:

No long term loans are extended by the Company. Therefore all the Company's exposures are considered as being current in short dated liquid products with the following exceptions:

- Tangible and Intangible assets were USD 7,665,267.
- IFL owns B shares in LME Holdings Limited as a requirement to become a Category 1 ring dealing and clearing member of the London Metal Exchange (LME). The Balance Sheet value of the shares as of 30 September 2017 was USD 3,401,121.
- IFL also holds a residual amount of illiquid shares in other entities (see non-trading book exposures in equities). The Balance Sheet value of the shares as of 30 September 2017 was USD 273,651.

5.2 Market Risk

Market risk is the potential loss to the Company that could occur as a result of an adverse change in market conditions on a market position.

The Company has adopted the Maturity Ladder Approach to calculate its commodity position risk requirement (PRR) (EU CRR - Part 3 - Title IV - Chapter 4), and the Standardised Approach for both a) position risk in equities held in the trading book (EU CRR- Part 3 - Title IV - Chapter 2 - Section 3) and b) Foreign Exchange Risk (EU CRR- Part 3 - Title IV - Chapter 3). The market risk capital requirement for the Company and its subsidiary (IFL) are as shown below:

Description	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
Commodity PRR	227,031,387	227,031,387
Traded debt instruments PRR	0	0
Equity PRR	0	0
FX PRR	17,647,476	17,647,476
Market risk Total Risk Exposure	**244,678,862**	**244,678,862**
Total market risk capital Requirement	**19,574,309**	**19,574,309**

5.3 Credit Valuation Adjustment Risk (CVA)

For Over-the-Counter (OTC) derivatives, in addition to the default risk capital requirements for counterparty credit risk, the Company has calculated an additional capital charge to cover the risk of mark-to-market losses associated with deterioration in the creditworthiness of the counterparty. As the counterparty's financial position worsens, the market value of its derivatives obligation declines, even though there might not be an actual default. The CVA risk was calculated using the Standardised method as per the rules outlines in EU CRR Part 3 - Title VI.

The CVA risk capital requirement for the Company and its subsidiary (IFL) are as shown below:

	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
CVA Total Risk Exposure	8,996,280	8,996,280
CVA risk capital requirement	719,702	719,702

5.4 Operational Risk

Operational Risk is the risk that the Company will suffer losses due to inadequate or failed internal processes, employee errors and fraud, system failure or from external events. Reputational risk is a subset of Operational Risk.

It is not possible to completely eliminate operational risk but the Company employs experienced and skilled staff in key roles, uses a robust internal audit process to reduce these risks where possible and has signed up to appropriate insurance policies.

The Company has adopted the Basic Indicator Approach when calculating Pillar I Operational Risk Capital Requirement (ORCR), as outlined in EU CRR Part 3-Title III-Chapter 2. This is the average of the last three years profit on ordinary activities before taxation taken from the audited Financial Statements multiplied by 15%.

	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
Operational risk Total Risk Exposure	181,288,779	181,154,290
Operational risk capital requirement	14,503,102	14,492,343

5.5 Non-Trading Book Exposure in Equities

INTL FCStone Ltd ("IFL") held USD 3,401,121 in B shares in London Metals Exchange Holdings Limited which are required to enable IFL to trade directly on the London Metals Exchange. These are treated as an available for sale investment under IFRS, but in fact are required to be held as long as IFL trades on the exchange, and therefore shown under non-current assets on the Balance Sheet in IFL's statutory financial statements. There are no realised or unrealised gains from this holding in IFL's capital resources.

In addition, INTL FCStone Ltd held shares in SWIFT (USD 139,946) and Industrial and General Insurance PLC of Nigeria (USD 133,705).

5.6 Concentration Risk

The Company has a concentration risk through its exposures to LME Clear Ltd, ICE Clear Europe, Banque Centrale de Compensation SA (also known as LCH Clearnet SA), European Commodities Clearing AG and Eurex Clearing AG as well as to major international regulated banks which hold cash, provide payment services and provide market liquidity for certain products. IFL has a margined account with its US affiliate, INTL FCStone Financial Inc, which acts as clearer in markets to which the company has no direct access.

The company places most of its working capital and funds with two banks, Bank of America NA and Barclays Bank Plc. Cash in excess of large exposure limits as laid down by regulations is transferred between the banks at the end of each day to balance risks.

All these risks are considered acceptable by the Boards of all the companies in the INTL Netherlands BV group. The calculation of Concentration Risk for the purposes of Pillar I capital requirement follows EU CRR Article 397, and as of 30 September 2017 capital requirements for concentration risk was:

	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
Concentration Risk Total Risk Exposure	0	0
Concentration Risk capital requirement	0	0

5.7 Regulatory Capital Buffers

5.7.1 Combined Buffers

The Company calculates both a Capital Conservation Buffer and Countercyclical Capital Buffer as per requirement of EU CRD, Title VII, Chapter 4: Capital Buffers.

The Capital Conservation Buffer of CET1 Capital is calculated as 1.25% of its Total Risk Exposure amount. The Company uses Transitional rate of 1.25% in 2017 as per article 160 of EU CRD. This rate will increase to 1.875% in 2018. As of 1st Jan 2019 a full rate of 2.5% will be applied in Capital Conservation Buffer calculations, as stipulated buy the Bank of England.

A Countercyclical Capital Buffer of CET1 Capital is calculated as the Companies Total Risk Exposure Amount multiplied by the weighted average of the Countercyclical Buffer Rates that apply to Exposures in the jurisdictions where the Company's relevant credit exposures are located.

Combined Buffer requirements as of 30 September 2017 were:

	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
Capital Conservation Buffer	13,826,789	13,823,764
Countercyclical Capital Buffer	1,141,869	1,141,620
COMBINED BUFFER	14,968,658	14,965,384

5.7.2 G-SII Buffer

Financial institutions that are considered to represent a higher risk to the global financial system, based on a number of key factors, are defined as globally systemically important institutions (G-SIIs). The Company is not a G-SII and hence this buffer is not applicable.

5.8 Approach to ICAAP

Evaluation of Pillar I and Pillar II capital requirements are carried out for the Company as part of the Internal Capital Adequacy Assessment Process ("ICAAP"). The aim is to calculate the capital that will be additionally required, over and above the requirement calculated under Pillar 1 after "stress-testing" risks and uncertainties that are not included in Pillar I.

IFL's Board and management, and NED's Board, reviewed the NED Group's Internal Capital Adequacy Assessment Process (ICAAP) in November 2017 by reference to the results for the period ending 30 September 2017 and business plan projections for the next 3 years. Such reviews are undertaken at least annually or as changes to IFL's business model dictate. This process aims to calculate the additional Pillar II regulatory capital considered appropriate to cover all the various principal risks not captured by the externally regulated (Pillar I) requirements. The Pillar II Capital requirement of USD 38,726,000 as at 30 September 2017 was determined by the Company's Board on last review, which includes an assessment of capital needed for liquidity stress.

6 CAPITAL ADEQUACY (PILLAR I: MINIMUM CAPITAL REQUIREMENT)

The minimum capital requirement and Total risk exposure amount for the Company and its main subsidiary (IFL) are shown below:

	Risk type/category	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
A	**COMMON EQUITY TIER 1 CAPITAL**	193,482,235	194,201,423
B	**TIER 1 CAPITAL**	193,482,235	194,201,423
C	**TOTAL CAPITAL RESOURCES-OWN FUNDS**	193,482,235	194,201,423
	Credit and Counterparty Risks- RW Exposure amounts	671,177,806	671,070,309
	Of which Standardised Approach	655,761,649	655,654,152
	Of which Default fund of a CCP	15,416,157	15,416,157
	Settlement/Delivery Total Risk Exposure	1,385	1,385
	Market risk Total Risk Exposure	244,678,862	244,678,862
	Operational risk Total Risk Exposure	181,288,779	181,154,290
	Credit Valuation Adjustment Total Risk Exposure	8,996,280	8,996,280
	Large exposures in trading book Total Risk Exposure	0	0
D	**Total Risk Exposure Amount**	1,106,143,112	1,105,901,127
E=D*8%	**Total (Pillar I) Capital Requirement**	88,491,449	88,472,090
F=C-E	**Surplus(+)/Deficit(-) of Total capital**	104,990,786	105,729,333
G	**Combined Buffer**	14,968,658	14,965,384
H=A-E-G	**CET1 Surplus(+) after Combined Buffer requirements**	90,022,128	90,763,949
I=A/D	**CET1 Capital Ratio (min. required 4.5%)**	17.49%	17.56%
J=B/D	**T1 Capital Ratio (min. required 6%)**	17.49%	17.56%
K=C/D	**Total Capital Ratio (min. required 8%)**	17.49%	17.56%

7 ENCUMBERED ASSETS

Encumbered assets are those that have been pledged or are subject to any form of arrangement to secure, collateralise or credit enhance, any transaction from which it cannot be freely withdrawn.

The definition of is not based on an explicit legal definition, such as title transfer, but rather on economic principles.

	INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
Encumbered Assets	277,758,682	277,758,682
Of which:		
Loans on demand	19,412,718	19,412,718
Equity instruments	3,674,772	3,674,772
Other assets	254,671,192	254,671,192
Unencumbered Assets	347,837,943	346,924,953
Of which:		
Loans on demand	174,635,840	174,098,358
Equity instruments	0	0
Other assets	173,202,103	172,826,595
Total Assets	625,596,625	624,683,635

8 LEVERAGE

The Company calculates its Leverage ratio as per Article 429 of EU CRR. It is calculated as the Company's Capital Measure (Tier 1 Capital) divided by the Company's Total Exposure Measure, expressed as a percentage.

The value of exposure to derivative contracts is calculated per Annex II of EU CRR in accordance with article 274 of EU CRR, called the 'Mark-to-Market Method'. In doing so the Company takes into account the effect of netting agreements where it owns a legal opinion as to the effectiveness of netting in the jurisdiction of the counterparty.

		INTL Netherlands BV group (in USD)	INTL FCStone Ltd (in USD)
A	**Exposure Measure**	2,244,349,741	2,244,188,552
	Of which:		
	Derivatives: Current replacement cost	256,342,038	256,342,038
	Derivatives: Add-on	1,216,520,992	1,216,520,992
	Other assets	775,301,331	774,763,849
	(-) Asset amount deducted - Tier 1	(3,814,619)	(3,438,327)
B	**Capital Measure-Tier 1 Capital**	193,482,235	194,201,423
C=A/B	**Leverage ratio**	8.62%	8.65%

9 REMUNERATION

The Company falls into Tier 3 for proportionality under the FCA's Remuneration Code (the Code) and the following disclosures are made on this basis. Within the NED group only IFL actively engages in business activities and has employed staff. Thus, in accordance with the requirements of the Remuneration Code the remuneration disclosures outlined below apply to that subsidiary.

Remuneration is determined and approved annually by the senior management of IFL in accordance with IFL's remuneration policy. The remuneration annual review process applies to all individual employees of IFL irrespective of whether they are categorised as Remuneration Code staff or not.

The IFL's remuneration system consists of both fixed and variable remuneration. The fixed element is an individual's annual salary. All remuneration arrangements are linked in various degrees to the financial performance of a) the entire group b) at business group and c) at individual employee levels.

Variable remuneration at IFL consists of the following elements:

- Discretionary quarterly Bonus (Commission sharing) - this is calculated as a proportion of trading revenue earned by the respective business group after deducting certain direct costs, including any charges for bad debts. Payments are made quarterly in cash from such variable compensation pools and apportioned to employees after assessment of individual performance in the business group.
- Discretionary annual bonus payments - these payments are made generally to support staff in accordance with INTL FCStone group policies. Bonuses are computed by reference to profitability and other performance indicators relevant to the INTL FCStone group, adjusted on recommendation from divisional heads in accordance with assessments of each individual and reviewed by the executive directors of IFL.

Based on the assessment of the performance of the business group and the individual, share options in the ultimate parent may occasionally be awarded to encourage employees to participate in the growth of the business, with a vesting period of three years.

All employees are offered the opportunity, annually, to exchange up to 30% of their variable compensation for restricted stock in the Group. This is an entirely voluntary election, made at the beginning of each financial year, and binding once made. The restricted stock is purchased at a 25% discount to market value on the relevant award date and vests in three equal tranches on each of the first, second and third anniversaries of the award date.

The bonus remuneration consists solely of cash payments, except for senior management who may be required to take a proportion in deferred shares in the ultimate parent, such deferral to be between three and five years.

As a policy, the Company does not implement guaranteed bonus arrangements for individual members of staff, other than for short periods after joining while businesses are allowed to grow. The Company has identified 29 members of staff of IFL, including senior managers and members of staff, who have a material impact on the risk profile of IFL as Remuneration Code staff (Code staff). During 2016, IFL employed 9 members of staff outside the senior management category who could have created a material impact to the risk profile of the Company.

The aggregate remuneration for all relevant Code staff and senior management in the year ended 30 September 2017 was as follows:

	No. of code staff	Fixed (USD)	Variable (USD)	Share options (USD)	Restricted Stock (USD)	Total (USD)
Senior Management	**20**	**3,064,858.37**	**10,243,812.41**	**148,762.16**	**381,071.74**	**13,838,504.68**
Members of Staff who have a material impact on the risk profile of the firm	**9**	**2,251,336.26**	**3,261,091.13**	**26,327.87**	**0**	**5,538,755.26**

Note: COB 30/09/2017 GBP/USD rate 1.3396
COB 30/09/2017 EUR/USD rate 1.1812