

F L O W ■ T R A D E R S

FLOW TRADERS N.V.

*(a public company with limited liability (naamloze vennootschap)
incorporated in the Netherlands
with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands)*

Offering of up to 16,287,075 ordinary shares

This prospectus (the "**Prospectus**") relates to the offering (the "**Offering**") and admission to trading and listing of ordinary shares, with a nominal value of €0.10 each, in the capital of the Company (as defined below). Summit Investors VI, L.P., Summit Partners Private Equity Fund VII-A, L.P. and Summit Partners Private Equity Fund VII-B, L.P. (collectively, "**Summit Partners**"), Stichting Administratiekantoor Flow Traders (the "**Foundation**"), Avalon Holding B.V. ("**Avalon**") and Javak Investments B.V. ("**Javak**") and together with Summit Partners, the Foundation and Avalon, the "**Selling Shareholders**") are offering up to 16,287,075 ordinary shares, with a nominal value of €0.10 each, in the capital of the Company (the "**Offer Shares**", which includes, unless the context indicates otherwise, the Additional Shares (as defined below)). Assuming no exercise of the Over-allotment Option (as defined below), the Offer Shares will constitute up to approximately 35% of the issued ordinary shares in the capital of the Company with a nominal value of €0.10 each (the "**Shares**"). Assuming the Over-allotment Option is fully exercised, the Offer Shares will constitute not more than approximately 40.2% of the Shares. See "*The Offering*".

The Offering consists of (i) a public offering to institutional and retail investors in the Netherlands and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered: (a) within the United States of America (the "**United States**" or the "**U.S.**") to qualified institutional buyers ("**QIBs**") as defined under Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), pursuant to Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, and (b) outside the United States in offshore transactions as defined in, and in accordance with, Regulation S under the U.S. Securities Act ("**Regulation S**").

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all of the Shares to trading under the symbol "FLOW" on Euronext in Amsterdam ("**Euronext Amsterdam**"), a regulated market of Euronext Amsterdam N.V. ("**Euronext**"). Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-delivered" basis in the Shares on Euronext Amsterdam is expected to commence on or about 10 July 2015 (the "**First Trading Date**").

Investing in the Offer Shares involves certain risks. See "*Risk Factors*" for a description of the factors prospective investors should carefully consider before investing in the Offer Shares.

Flow Traders N.V. (at the date of this Prospectus still a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) named Flow Traders Coöperatief U.A.) (the "**Company**") will be converted into a public company with limited liability (*naamloze vennootschap*) named Flow Traders N.V., immediately after determination of the Offer Price (as defined below) (the "**Conversion**").

The price per Offer Share (the "Offer Price") is expected to be between €29.00 and €37.00 (inclusive) (the "Offer Price Range").

The Offer Price Range is an indicative price range. The Offer Price and the exact number of Offer Shares will be determined after the end of the offer period for the Offering (the "**Offer Period**"), and after taking into account the conditions described in "*The Offering*". The Offer Period will commence on 30 June 2015 at 09:00 CEST and end on 9 July 2015 at 14:00 CEST, subject to acceleration or extension of the timetable for the Offering. Prior to allocation of the Offer Shares ("**Allocation**"), the number of Offer Shares can be increased or decreased and the Offer Price Range can be changed. Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price

above the Offer Price Range will result in the Offer Period being extended by at least two Business Days (as defined herein); any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one Business Day. Any such change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release on our website at www.flowtraders.com. The Offer Price and the exact number of Offer Shares will be set out in a pricing statement (the "**Pricing Statement**") that will be deposited with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**") and published through a press release on our website.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") and UBS Limited ("**UBS**") are acting as joint global coordinators (in such and any other capacity, the "**Joint Global Coordinators**") and, together with ABN AMRO Bank N.V. ("**ABN AMRO**") and Credit Suisse Securities (Europe) Limited ("**Credit Suisse**"), as joint bookrunners for the Offering (the "**Joint Bookrunners**" and the Joint Global Coordinators and the Joint Bookrunners collectively, the "**Underwriters**").

Summit Partners expects to grant the Joint Global Coordinators, on behalf of the Underwriters, an option (the "**Over-allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require Summit Partners to sell to the Underwriters at the Offer Price up to 15% of the total number of Offer Shares sold in the Offering (the "**Additional Shares**"), to cover short positions or over allotments, if any, in connection with the Offering.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy Offer Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Offer Shares have not been and will not be registered under the U.S. Securities Act. Each investor of the Offer Shares, in making a purchase, will be deemed to have made certain acknowledgements, representations and agreements as set out in "*Selling and Transfer Restrictions*".

Subject to acceleration or extension of the timetable for the Offering, delivery of the Offer Shares ("**Settlement**") is expected to take place on or about 14 July 2015 (the "**Settlement Date**") through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland ("**Euroclear Nederland**"), in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

If Settlement does not take place on the Settlement Date, or at all, the Offering may be withdrawn, in which case all applications to purchase the Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made will be returned without interest or other compensation and transactions in the Shares on Euronext Amsterdam may be annulled. All dealings prior to Settlement are at the sole risk of the parties concerned. The Underwriters, NM Rothschild & Sons Limited (the "**Financial Adviser**"), the Company, the Selling Shareholders, ABN AMRO, in its capacity as listing and paying agent (the "**Listing and Paying Agent**") and Euronext do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Offering or the related annulment of any transaction in Shares on Euronext Amsterdam. For more information regarding the conditions to the Offering and the consequences of any termination or withdrawal of the Offering, see "*The Offering*".

This Prospectus constitutes a prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (the "**EU Prospectus Directive**"), and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "**Dutch Financial Supervision Act**"). This Prospectus has been approved by and filed with the AFM.

Joint Global Coordinators and Joint Bookrunners

Morgan Stanley

UBS Investment Bank

ABN AMRO

Joint Bookrunners

Credit Suisse

Financial Adviser
Rothschild

This Prospectus is dated 30 June 2015

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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SUMMARY

This summary is made up of disclosure requirements known as "**Elements**". These Elements are numbered in sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to the prospectus (the "Prospectus") relating to the offering (the "Offering") of ordinary shares, with a nominal value of €0.10 each, in the capital of Flow Traders N.V. (the "Company") by Summit Investors VI, L.P., Summit Partners Private Equity Fund VII-A, L.P. and Summit Partners Private Equity Fund VII-B, L.P. (collectively, "Summit Partners"), Stichting Administratiekantoor Flow Traders (the "Foundation"), Avalon Holding B.V. ("Avalon"), Javak Investments B.V. ("Javak" and together with Summit Partners, the Foundation and Avalon, the "Selling Shareholders") of up to 16,287,075 ordinary shares, with a nominal value of €0.10 each, in the capital of the Company (the "Offer Shares", which include, unless the context indicates otherwise, the Additional Shares (as defined below), and the admission to listing and trading of the ordinary shares, with a nominal value of €0.10 each, in the capital of the Company (the "Shares") on Euronext in Amsterdam ("Euronext Amsterdam"), a regulated market of Euronext Amsterdam N.V. ("Euronext"). Assuming no exercise of the Over-allotment Option (as defined below), the Offer Shares will constitute up to approximately 35% of the Shares. Assuming the Over-allotment Option is fully exercised, the Offer Shares will constitute up to approximately 40.2% of the Shares. Any decision to invest in the Shares or in the Company should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under the national legislation of the Member States of the Economic European Area, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares or the Company.</p>
A.2	Consent, indication, conditions and	Not applicable. We do not consent to the use of the

	notice	Prospectus for the subsequent resale or final placement of Offer Shares by financial intermediaries.
SECTION B – ISSUER		
B.1	Legal and commercial name of the Company	<p>At the date of the Prospectus, the Company is a cooperative with excluded liability (<i>coöperatie met uitgesloten aansprakelijkheid</i>) incorporated under the laws of and domiciled in the Netherlands named Flow Traders Coöperatief U.A. The Company will be converted into a public company with limited liability (<i>naamloze vennootschap</i>) named Flow Traders N.V. immediately after determination of the offer price per Offer Share (the "Offer Price") (the "Conversion").</p> <p>In this summary, references to "Flow Traders", "we", "us" and "our" are to the Company and its subsidiaries. The Company together with its subsidiaries are also referred to herein as the "Group".</p>
B.2	Domicile, legal form, legislation and country of incorporation	<p>The Company is a cooperative with excluded liability (<i>coöperatie met uitgesloten aansprakelijkheid</i>) incorporated under the laws of and domiciled in the Netherlands. The Company will be converted into a public company with limited liability (<i>naamloze vennootschap</i>) immediately after determination of the Offer Price. The Company has its corporate seat (<i>statutaire zetel</i>) in Amsterdam, the Netherlands.</p>
B.3	Key factors relating to the nature of the Group's operations and its principal activities	<p>Flow Traders was founded in 2004 to capitalize on opportunities presented by the emergence and growing popularity of Exchange Traded Products ("ETPs") in Europe. By 2007, it provided liquidity in ETPs and related financial instruments on all major European exchanges. That year, Flow Traders' first overseas office was set up in Singapore to improve access to markets and opportunities in the Asia-Pacific region. In 2009 an office in New York was opened to strengthen our presence in the U.S. markets.</p> <p>Flow Traders is a leading, technology-enabled liquidity provider operating on a global scale that specializes in ETPs. In terms of the total value of on-exchange ETP trades in Europe it consistently holds a leading position and for many years it has been recognized by the ETP industry as the leader in ETP liquidity provision in Europe and the Asia-Pacific region. It enables investors to buy and sell ETPs efficiently by quoting bid (buying) and ask (selling) prices. This contributes to more efficient and transparent securities markets. As a result of this liquidity provision, market participants benefit from increased liquidity, higher execution quality and lower overall trading costs.</p> <p>Flow Traders provides liquidity in a wide range of ETPs across the globe, tracking all asset classes including equities, fixed income, commodities and currencies. Its focus on ETPs, combined with its access to financial markets globally, proprietary technology, risk management platforms and low cost</p>

		<p>structure, enables it to provide liquidity in a competitive manner.</p> <p>In addition to providing liquidity on exchanges and on other trading venues, Flow Traders also provides liquidity in ETPs off-exchange on a request-for-quote basis to over 350 institutional counterparties such as banks, asset managers, pension funds, insurance companies, family offices, hedge funds and others in over 20 countries.</p>
B.4	Significant recent trends	<p>According to BlackRock, global ETP Assets under Management grew from \$598 billion in 2006 to \$2,797 billion in 2014, reflecting a compounded annual growth rate ("CAGR") of 21%. As low-cost passive investment strategies continue to grow in popularity, ETP Assets under Management are widely expected to continue to exhibit robust growth. For example, BlackRock expects ETP Assets under Management to more than double to \$6 trillion by 2019, where Ernst & Young expects growth of 15-30% per annum globally over the coming four years. The expansion of the ETP industry accelerated worldwide and numerous records for investment inflows into ETPs were set in 2014, across asset classes and geographies. At the same time, the global annual net flows into mutual funds have experienced a significant decrease.</p> <p>In addition to the transparency, low cost and liquidity of ETPs, growth in ETPs has been, and continues to be, driven by a number of developments. These include the growing adoption of ETPs by investors previously not investing in ETPs (including retail investors in Europe), the increasing share of investment in ETPs as part of their portfolio by existing institutional investors globally, the broadening variety of ETPs available to investors in terms of strategies and exposures, and the increasing flow of already extensive cross-border investment into ETPs.</p> <p>All ETPs are listed on exchanges, where a large part of trading takes place. However, we believe that a significant part of ETP trading volume is traded off-exchange, for which limited reliable data is available given limited reporting obligations in many jurisdictions. On exchange, ETPs are traded on a variety of venues globally. The strong proliferation of passive investing and resultant adoption of ETPs has led to growth in ETP trading volumes in line with the growth in global ETP Assets under Management. From 2006 to 2014, CAGR in on-exchange ETP trading across the three regions exceeded 21%, with Asia growing fastest at a CAGR of approximately 38%. The U.S. is the largest market by on-exchange ETP value traded, followed by the European market and the Asian market respectively. The Company believes that future growth in ETP Assets under Management will continue to drive further growth in ETP trading volumes globally.</p>

		<p>ETP trading volumes are highest in the U.S. where markets are characterized by tight bid-ask spreads, in particular for the most liquid ETPs such as the SPDR S&P 500 Trust ETF. This reflects the trend that for mature markets and products the bid-ask spreads tend to be tight and trading costs are typically lower (compared to less mature markets). However, the Company believes there remains potential for growth in the U.S. ETP market given the limited size of the ETP market (in terms of Assets under Management) compared to the asset management industry as a whole, and given increasing investor appetite for ETPs, from both institutional and retail investors, driven by increased sensitivity to more cost efficient asset management solutions. Our estimated market share of on-exchange ETP value traded as of December 2014 in the U.S. was 1%. In the U.S. ETP assets under management grew from \$1,349 billion in 2012 to \$2,007 billion in 2014, reflecting a CAGR of 22%, while the on-exchange ETP value traded grew from \$10 trillion to \$12 trillion during that same time period, reflecting a CAGR of 9%. The Group's total ETP value traded in the U.S. grew from €44 billion in 2012 to €223 billion in 2014, reflecting a CAGR of 126%.</p> <p>The European ETP market is the second biggest market after the U.S. Bid-ask spreads in Europe are on average generally wider in comparison to the U.S. Despite a more fragmented market structure compared to the U.S., trading costs are slightly higher but still relatively low. The European ETP market grew substantially over the last decade, despite the challenging macroeconomic environment, and continues to grow in Europe. Our estimated market share of double counted on-exchange ETP value traded as of December 2014 in Europe was 13%, whereby double counting refers to counting both the buyers' volumes and the sellers' volumes, as a result of which each transactions' volume is counted twice. ETP assets under management grew from \$367 billion in 2012 to \$457 billion in 2014, reflecting a CAGR of 12%, while on-exchange ETP value traded grew from \$677 billion to \$860 billion during that same period, reflecting a CAGR of 13%. The Company's total ETP value traded on- and off-exchange grew from €163 billion in 2012 to €270 billion in 2014. The monthly trading value of ETPs on European exchanges has increased from €5 billion in December 2004 to €47 billion in March 2014, representing a CAGR of 28%.</p> <p>In Asia, the ETP market is significantly fragmented and there are large differences in trading volumes, trading costs, regulation and maturity between financial markets in the Asian countries. Trading costs are higher compared to the more mature U.S. and European markets and bid-ask spreads are typically wider. However, we believe that investor familiarity with ETPs and ETP adoption by investors is increasing, markets are maturing and expanding, and</p>
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		<p>new markets are developing gradually, notably in India and China. Therefore, the Company believes the Asian ETP markets offer strong potential for growth. Our estimated market share of on-exchange ETP value traded on venues on which we trade as of December 2014 in Asia was 8%. In all of Asia, according to BlackRock, ETP Assets under Management grew from \$127 billion in 2012 to \$201 billion in 2014, reflecting a CAGR of 26%, while the total Asia-Pacific on-exchange ETP value traded grew from \$341 billion to \$846 billion during that same period, reflecting a CAGR of 57%. The Company's total ETP value traded on- and off-exchange grew from €10 billion in 2012 to €34 billion in 2014, reflecting a CAGR of 83%.</p>																		
B.5	Description of the Group and the Company's position therein	<p>The Company is a holding company without material direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its subsidiaries.</p>																		
B.6	Shareholders of the Company	<p>The following table sets forth information with respect to the beneficial ownership of the Company by each Selling Shareholder or group of affiliated Selling Shareholders prior to the Conversion, together being the only holders of membership interests in the Company as at the date of the Prospectus.</p> <table> <tr> <th><u>Member</u></th><th><u>Membership Interest</u></th><th></th></tr> <tr> <td></td><td>Class of membership interest</td><td>Membership interest and voting rights</td></tr> <tr> <td>Summit Investors VI, L.P.</td><td>Class A membership interest</td><td>0.07 %</td></tr> <tr> <td>Summit Partners Private Equity Fund VII-A, L.P.</td><td>Class A membership interest</td><td>18.08%</td></tr> <tr> <td>Summit Partners Private Equity Fund VII-B, L.P.</td><td>Class A membership interest</td><td>10.86%</td></tr> <tr> <td>Stichting Administratiekantoor Flow Traders</td><td>Class B membership interest</td><td>70.99%</td></tr> </table> <p>As at the date of the Prospectus, the Foundation has issued depositary receipts for membership interests in the Company's capital to Javak (controlled by Mr. J. van Kuijk), representing a 20.27% indirect economic interest in the capital of the Company, to Avalon (controlled by Mr. R. Hodenius), representing a 20.27% indirect economic interest in the capital of the Company, to RJT Investments B.V. (controlled by Mr. R.J. Tse), held through the Foundation, representing a 5.51% indirect economic interest in the capital of the Company and to TCB Holding B.V. (controlled by Mr P.J. van der Geest), held through the Foundation, representing a 3.69% indirect economic interest in the capital of the Company.</p> <p>The Selling Shareholders are offering up to 16,287,075 Offer Shares in the Offering, assuming no exercise of the Over-allotment Option (as defined</p>	<u>Member</u>	<u>Membership Interest</u>			Class of membership interest	Membership interest and voting rights	Summit Investors VI, L.P.	Class A membership interest	0.07 %	Summit Partners Private Equity Fund VII-A, L.P.	Class A membership interest	18.08%	Summit Partners Private Equity Fund VII-B, L.P.	Class A membership interest	10.86%	Stichting Administratiekantoor Flow Traders	Class B membership interest	70.99%
<u>Member</u>	<u>Membership Interest</u>																			
	Class of membership interest	Membership interest and voting rights																		
Summit Investors VI, L.P.	Class A membership interest	0.07 %																		
Summit Partners Private Equity Fund VII-A, L.P.	Class A membership interest	18.08%																		
Summit Partners Private Equity Fund VII-B, L.P.	Class A membership interest	10.86%																		
Stichting Administratiekantoor Flow Traders	Class B membership interest	70.99%																		

		<p>below). Assuming no exercise of the Over-allotment Option, the Offer Shares will constitute up to approximately 35% of the Shares. Assuming the Over-allotment Option is fully exercised, the Offer Shares will constitute not more than approximately 40.2% of the Shares. The table below presents information about the ownership of Shares by each Selling Shareholder as immediately after Settlement, assuming full exercise of the Over-allotment Option and taking into account the Conversion and the cancellation of the issued depositary receipts for membership interests in the Company's capital.</p> <table><tr><th colspan="2">Selling Shareholders</th></tr><tr><td>Summit Investors VI, L.P.</td><td>0.02%</td></tr><tr><td>Summit Partners Private Equity Fund VII-A, L.P.</td><td>5.58%</td></tr><tr><td>Summit Partners Private Equity Fund VII-B, L.P.</td><td>3.35%</td></tr><tr><td>Avalon Holding B.V.</td><td>14.27%</td></tr><tr><td>Javak Investments B.V.</td><td>14.27%</td></tr></table> <p>Our Shareholders may be or become subject to notification obligations under the Dutch Financial Supervision Act.</p> <p>Immediately following the Conversion, (i) the depositary receipts issued to Javak and Avalon will be cancelled as a result of which both Javak and Avalon will become direct Shareholders in the Company and (ii) the Foundation, in its capacity as a Selling Shareholder, is expected to become a party to the Underwriting Agreement (as defined below), for purposes of facilitating the sale and transfer of the Offer Shares to be sold and transferred by it on behalf of the current and former employees holding the depositary receipts issued in respect of these Offer Shares. Following the Conversion and the entry into the Underwriting Agreement, the Foundation will cancel the depositary receipts relating to the Shares that will not be sold in the Offering and those Shares will be transferred to the relevant (former) employees who will thereby become direct Shareholders in the Company instead of the Foundation.</p>	Selling Shareholders		Summit Investors VI, L.P.	0.02%	Summit Partners Private Equity Fund VII-A, L.P.	5.58%	Summit Partners Private Equity Fund VII-B, L.P.	3.35%	Avalon Holding B.V.	14.27%	Javak Investments B.V.	14.27%
Selling Shareholders														
Summit Investors VI, L.P.	0.02%													
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Avalon Holding B.V.	14.27%													
Javak Investments B.V.	14.27%													
B.7	Selected key historical financial information													
<p>The following tables set forth our selected consolidated financial information as of the dates and for the periods indicated. The selected consolidated financial information as of and for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 has been derived from our Special Purpose Financial Statements (and is marked as "audited") and the selected consolidated financial information as of 31 March 2015 and for the three months ended 31 March 2015 and 31 March 2014 has been derived from our Interim Financial Statements (and is marked as "unaudited"), and should be read in conjunction with these financial statements included in the section "Consolidated Financial Statements", which begins on page F-1 of this Prospectus and in conjunction with the section "Operating and Financial Review".</p> <table><tr><th>Consolidated statement of comprehensive income data</th><th>For the three months ended 31 March</th><th>For the year ended 31 December</th></tr></table>			Consolidated statement of comprehensive income data	For the three months ended 31 March	For the year ended 31 December									
Consolidated statement of comprehensive income data	For the three months ended 31 March	For the year ended 31 December												

	2015	2014	2014	2013	2012
	(unaudited)			(audited)	
	(in € million)				
Gross trading income	100.4	54.0	240.8	200.5	125.1
Fees related to the trading activities	(14.8)	(9.6)	(37.9)	(31.6)	(18.5)
Net financial expenses related to the trading activities	(8.7)	(7.9)	(30.1)	(25.7)	(15.4)
Net trading income	76.9	36.5	172.7	143.3	91.2
Personnel expenses.....	(28.4)	(12.8)	(61.0)	(51.1)	(33.2)
Depreciation of property and equipment	(1.2)	(1.1)	(4.3)	(3.8)	(3.0)
Amortization of intangible assets	(0.1)	(0.1)	(0.4)	(0.3)	(0.3)
Write off of (in)tangible assets	–	(0.3)	(0.7)	(0.3)	(0.2)
Other expenses	(8.8)	(6.1)	(27.8)	(26.6)	(22.5)
Operating expenses	(38.5)	(20.3)	(94.2)	(82.1)	(59.1)
Operating result	38.4	16.2	78.5	61.2	32.1
Impairment of equity-accounted investees	–	–	(0.1)	(0.2)	(0.4)
Profit before tax.....	38.4	16.2	78.3	61.0	31.6
Tax expense	(7.7)	(3.1)	(10.5)	(7.4)	(3.9)
Profit for the period	30.7	13.2	67.9	53.6	27.7
Foreign currency translation differences – foreign operations	10.3	(0.2)	9.0	(3.8)	0.2
Available for sale net changes in fair value	(0.5)	0.2	0.4	0.0	(0.3)
Other comprehensive income for the period (net of tax).....	9.8	(0.1)	9.4	(3.7)	(0.1)
Total comprehensive income for the period	40.6	13.1	77.3	49.9	27.6

Consolidated statement of financial position data	As of	As of			
	31 March	31 December			
	2015	2014	2013	2012	
	(unaudited)		(audited)		
	(in € million)				
Total assets.....	5,184.8	3,322.3	2,911.9	2,193.6	
thereof Cash and cash equivalents.....	4.5	2.3	9.5	2.1	
thereof Financial assets held for trading.....	3,239.5	2,796.1	2,303.7	1,860.4	
thereof Trading receivables	1,907.5	495.7	575.7	311.1	
Total liabilities	5,001.5	3,179.5	2,774.5	2,092.1	
thereof Financial liabilities held for trading.....	2,692.4	2,334.3	824.8	915.7	
thereof Trading payables	2,238.4	755.5	1,895.5	1,136.8	
Total member capital accounts	183.4	142.8	137.3	101.6	
Total member capital accounts and liabilities	5,184.8	3,322.3	2,911.9	2,193.6	

Consolidated statement of cash flows data	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited)		
	(in € million)				
Cash generated from operating activities.....	15.5	1.2	60.2	27.6	24.1
Net cash used in investing activities.....	(2.3)	(0.8)	(6.7)	(6.1)	(6.0)
Net cash from (used in) financing activities	(11.1)	–	(60.8)	(14.1)	(42.5)
Net change in cash and cash equivalents	2.2	0.4	(7.2)	7.4	(24.4)
Cash and cash equivalents at 1 January	2.3	9.5	9.5	2.1	26.5
Cash and cash equivalents at end of period	4.5	9.9	2.3	9.5	2.1

Other financial data ⁽¹⁾	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
	(in € million, unless otherwise indicated)				
EBITDA ⁽²⁾	40.0	17.6	84.1	65.9	35.2
EBITDA margin ⁽³⁾	52%	48%	49%	46%	39%
Free cash flow ⁽⁴⁾	27.5	(1.4)	96.4	61.7	26.0
Free cash flow conversion ⁽⁴⁾	69%	(8%)	115%	94%	74%
Pay-out ratio ⁽⁵⁾	n.a.	n.a.	64%	78%	61%
Capital expenditures ⁽⁶⁾	2.3	0.8	6.5	5.9	4.7
Net liquidity ⁽⁷⁾	220.7	167.3	204.3	168.7	121.1

⁽¹⁾ For more information on the non-IFRS financial measures presented in the table, see " <i>Important Information—Non-IFRS Financial Measures</i> ". ⁽²⁾ EBITDA is operating result before depreciation of property and equipment, amortization of intangible assets, write off of tangible and intangible assets and non-trading financial income and expenses. ⁽³⁾ EBITDA margin is EBITDA as a percentage of net trading income. ⁽⁴⁾ Free cash flow is cash generated from operating activities plus after tax interest expense on corporate debt (excluding interest paid to prime brokers) plus increase/ (decrease) in financial assets held for trading and trading receivables less (increase)/ decrease in financial liabilities held for trading and trading payables less net cash used in investing activities. Free cash flow conversion is free cash flow as a percentage of EBITDA. ⁽⁵⁾ Pay-out ratio is dividends declared as a percentage of profit for the period. ⁽⁶⁾ Capital expenditures reflect cost of new hardware and property, plant and equipment. We do not capitalize software and IT development costs. ⁽⁷⁾ Net liquidity comprises cash, the net of financial assets held for trading and financial liabilities held for trading and the net of trading receivables and trading payables.		
B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.
B.9	Profit forecast	Not applicable. We have not issued a profit forecast.
B.10	Historical audit report qualifications	Not applicable. There are no qualifications in the auditor's report on the historical financial information for the years ended 31 December 2014, 2013 and 2012.
B.11	Explanation if insufficient working capital	The Company believes that the working capital available to the Group is sufficient for the Group's present requirements; that is for at least twelve months following the date of the Prospectus.
SECTION C – SECURITIES		
C.1	Type and class, security identification number	<p>The Shares are ordinary shares in the issued and outstanding capital of the Company with a nominal value of €0.10 each.</p> <p>Application has been made to list all Shares under the symbol "FLOW" on Euronext Amsterdam under ISIN Code NL0011279492.</p>
C.2	Currency of the Shares	The Shares are denominated in and will trade in euro.
C.3	Number of Shares issued and nominal value	Prior to the execution of the notarial deed of amendment and conversion of the Company, which deed will be executed immediately after determination of the Offer Price (the " Deed of Amendment "), the total amount of membership interests in the Company, consists of three class A membership interests and one class B membership interest. After the execution of the Deed of Amendment, the authorized capital of the Company will amount to €10 million and will consist of 100 million Shares with a nominal value of €0.10 each and the issued share capital will consist of 46,534,500 Shares.
C.4	Rights attached to the Shares	<p>References to the "Articles of Association" hereafter will be to the Company's articles of association as they will read after the execution of the Deed of Amendment.</p> <p>The Shares carry dividend rights. Each Share confers the right to cast one vote in the general meeting of the</p>

		Company (the " General Meeting "). There are no restrictions on voting rights.
		<p>Holders of Shares ("Shareholders") have a pre-emptive right in the event of an issue of Shares or the granting of rights to subscribe for Shares. Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind or Shares issued to the Group's employees or Shares issued to persons exercising a previously granted right to subscribe for Shares. The designation will only be valid for a specific period and may from time to time be extended by the General Meeting, in each case not exceeding five years. Unless provided otherwise in the designation, the designation cannot be cancelled.</p> <p>Subject to the approval of the supervisory board of the Company (the "Supervisory Board"), the management board of the Company (the "Management Board") is designated to limit or exclude the pre-emptive rights to which Shareholders are entitled if and to the extent that the General Meeting has authorized the Management Board for this purpose, and only if the Management Board at that time is also authorized to issue Shares.</p> <p>It is expected that the General Meeting will designate the Management Board, for a period that ends 18 months following the Conversion, as the corporate body authorized to, subject to approval of the Supervisory Board, issue Shares or grant rights to subscribe for Shares and to restrict or exclude pre-emptive rights in respect thereof. Pursuant to this designation, the Management Board may, subject to approval of the Supervisory Board, resolve to issue Shares or grant rights to subscribe for Shares (i) up to a maximum of 10% of the total number of Shares issued and outstanding on the Settlement Date (as defined below) plus (ii) an additional 10% of the total number of Shares issued and outstanding on the Settlement Date in connection with or on the occasion of mergers and acquisitions and strategic alliances. Such authorization may from time to time be extended by a resolution of the General Meeting.</p>
C.5	Restrictions on transferability of the Offer Shares	<p>There are no restrictions on the transferability of the Offer Shares in the Articles of Association.</p> <p>However, the Offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Offer Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions.</p>
C.6	Listing and admission to trading of the Offer Shares	Prior to the Offering, there has been no public market for the Shares. Application has been made to list all Shares under the symbol "FLOW" on Euronext Amsterdam. Subject to acceleration or extension of the timetable for the Offering, trading in the Shares on

		Euronext Amsterdam is expected to commence, on an "as-if-and-when-delivered" basis, on or about 10 July 2015 (the " First Trading Date ").
C.7	Dividend policy	<p>We plan to pay dividends annually in two instalments, with a target aggregate dividend payout ratio of at least 50% of our net profits realised during the financial year.</p> <p>It is anticipated that the first dividend subsequent to the Offering will be payable following publication of our results for the first half of 2015. There can be no assurance that in any given year a dividend will be proposed or declared.</p> <p>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.</p>
SECTION D – RISKS		
D.1	Key risks relating to us and our industry	<p>Risks Related to Our Business</p> <ul style="list-style-type: none"> • Our net trading income and profitability depend, among other things, on trading volume in the markets in which we operate and the margins we capture, and are subject to factors beyond our control. • We are dependent upon prime brokers, ETP issuers, trading counterparties, central counterparties ("CCPs") and custodians to perform their obligations to us. • We could lose significant sources of net trading income if we are unable to access an important exchange or other trading venue. • A systemic market event could cause us severe harm. • We may incur losses in the event of failures of our technology platform. • We may incur losses from our trading. • We are susceptible to operational risks, which could lead to losses. • We may incur losses as a result of ineffective risk management systems, processes and strategies.

		<ul style="list-style-type: none"> • We are exposed to losses due to lack of perfect information and are exposed to risks arising from improper use of data. • We face intense competition in our business. • We require substantial liquidity to fund our ongoing operations and the margins required by our prime brokers and CCPS and our access to the necessary liquidity could become constrained. • Damage to our reputation and the reputation of our industry could be detrimental to our business. • We depend on our technology, and our future results may be adversely affected if we cannot remain technologically competitive. • Our reliance on technical infrastructure could expose us to substantial financial harm if it was subject to any material disruption, corruption, system failure, malfunction or delay. • Failure to protect our technical infrastructure against breaches, theft or vandalism, or otherwise protect confidential and proprietary information, could damage our reputation and negatively impact our business. • Capacity constraints of computer and communications systems could harm our business. • The availability of certain software is critical to our business. • We may be unable to protect our intellectual property rights, may be prevented from using intellectual property necessary for our business and may be found to infringe on the intellectual property rights of others. • We may not be able to retain our key staff or attract and retain other highly skilled professionals, which could be detrimental to our business. • Leakage of sensitive data may violate laws and regulations that could result in fines and loss of reputation. • We are exposed to risks associated with our international operations.
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		<ul style="list-style-type: none"> • We may experience risks associated with future growth or expansion of our operations or acquisitions or dispositions of businesses, and we may never realize the anticipated benefits of such initiatives. • Fluctuations in currency exchange rates could negatively impact our earnings. • We do not maintain business interruption insurance and do not self insure, which could expose us to losses. <p>Risks Related to Legal, Regulatory and Tax Matters</p> <ul style="list-style-type: none"> • Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects. • Noncompliance with applicable laws and regulatory requirements could adversely affect our reputation, profitability and prospects. • We are subject to risks relating to enforcement actions, litigation and other potential securities law liabilities. • We may face competitive disadvantages if we do not receive necessary or timely regulatory approvals for new business initiatives. • Rules governing our markets and business may require us to make unprofitable trades or prevent us from making profitable trades. • Proposed legislation in the European Union, the United States and other jurisdictions could impose taxes on certain financial transactions. • We could be exposed to adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations and we cannot be certain of continued benefit from certain favorable tax regimes. • We may be classified as a passive foreign investment company for U.S. federal income tax purposes.
D.2	Key risks relating to the Shares and the Offering	<p>Risks Related to the Offering and the Shares</p> <ul style="list-style-type: none"> • There is no existing market for the Shares prior to the Offering and there can be no assurance that an active and liquid market in the Shares will develop. • The market price of the Shares may fluctuate

		<p>significantly and you could lose all or part of your investment.</p> <ul style="list-style-type: none"> • Our ability to pay dividends may be constrained as the Company is a holding company and depends on its subsidiaries for dividends, distributions and other payments. • Upon completion of the Offering, certain Selling Shareholders will retain substantial influence over the Company, and their interests may be inconsistent with those of our other Shareholders. • Future issuances or sales of substantial numbers of Shares or securities convertible into Shares, or the perception that these issuances or sales may occur, may adversely affect the market price of the Shares and may dilute investors' shareholdings. • Payments on the Shares may be subject to U.S. withholding tax under FATCA. • The holding and acquisition of the Shares may require notifications to and approvals from competent authorities, which could impede our future efforts to raise additional capital, discourage takeover attempts and impair the market value of the Shares. • Our Articles of Association and Dutch law contain certain limitations on our Shareholders' rights. • The ability of Shareholders to bring action or enforce judgments against us or members of the Management Board and Supervisory Board may be limited. • We are subject to, and generally comply with most but not all of the principles and best practice provisions of the Dutch Corporate Governance Code. • Holders of the Shares who are resident or located in certain jurisdictions outside the Netherlands, including the United States, may not be able to exercise pre-emptive rights in future offerings and, as a result, may experience dilution. • We will incur increased costs as a result of being a public company. • If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, or publish projections that exceed our actual results, the price of the Shares and trading
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		<p>volume could decline.</p> <ul style="list-style-type: none"> If Settlement (as defined below) does not occur, subscriptions for the Shares may be disregarded and transactions effected in the Shares will be annulled.
SECTION E – OFFER		
E.1	Net proceeds and estimated expenses	<p>The Company will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholders.</p> <p>After deducting the estimated expenses, commissions and taxes related to the Offering payable by the Selling Shareholders of approximately €16 million, the Selling Shareholders expect to receive approximately €521 million in net proceeds from the Offering (based on an Offer Price at the mid-point of the Offer Price Range (as defined below) and assuming the sale of the maximum number of Offer Shares by the Selling Shareholders and no exercise of the over-allotment option (the "Over-allotment Option") that is expected to be granted by Summit Partners in connection with the Offering). The expenses and taxes related to the Offering payable by the Company are estimated to amount to approximately €4 million.</p>
E.2a	Reasons for the Offering and use of proceeds	<p>We believe that the Offering and the listing of the Shares on Euronext Amsterdam will provide us with increased visibility of our business, our industry and ETPs in general. We expect this will raise our profile with institutional counterparties, regulators and talent. In addition, the Offering and the listing of the Shares on Euronext Amsterdam will enable us to accelerate our organic growth and further market penetration. We also believe that the Offering will enhance the Company's ability to access the capital markets for funding and it will create liquidity for existing Shareholders.</p> <p>We will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholders.</p>
E.3	Terms and conditions of the Offering	<p>Offer Shares</p> <p>The Selling Shareholders are offering up to 16,287,075 Offer Shares. The Offering consists of (i) a public offering to institutional and retail investors in the Netherlands and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered: (a) within the United States of America ("U.S.") to qualified institutional buyers as defined under Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), pursuant to Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities</p>

		Act and applicable state securities laws, and (b) outside the United States in offshore transactions as defined in, and in accordance with, Regulation S under the U.S. Securities Act. The Offering is made only in those jurisdictions in which and only to those persons to whom the Offering may be lawfully be made.														
		<p>Over-allotment Option</p> <p>Summit Partners expects to grant Morgan Stanley & Co. International plc ("Morgan Stanley") and UBS Limited ("UBS") (together, the "Joint Global Coordinators" and together with ABN AMRO Bank N.V. ("ABN AMRO") and Credit Suisse Securities (Europe) Limited ("Credit Suisse"), the "Underwriters"), on behalf of the Underwriters, the Over-allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require Summit Partners to sell to the Underwriters at the Offer Price up to 15% of the total number of Offer Shares sold in the Offering (the "Additional Shares"), to cover short positions or over-allotments, if any, in connection with the Offering.</p>														
		<p>Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below lists certain expected key dates for the Offering:</p> <table><tr><th><u>Event</u></th><th><u>Time (CEST) and date</u></th></tr><tr><td>Start of Offer Period.....</td><td>09:00 a.m. on 30 June 2015</td></tr><tr><td>End of Offer Period.....</td><td>14:00 on 9 July 2015</td></tr><tr><td>Pricing.....</td><td>9 July 2015</td></tr><tr><td>Allocation.....</td><td>9 July 2015</td></tr><tr><td>First Trading Date (trading on an "as-if-and-when-delivered" basis).....</td><td>10 July 2015</td></tr><tr><td>Settlement Date.....</td><td>14 July 2015</td></tr></table> <p>Please note that we and the Selling Shareholders, together with the Joint Global Coordinators, reserve the right to accelerate or extend the Offer Period (as defined below).</p> <p>Offer Period</p> <p>Prospective investors may subscribe for Offer Shares during the period commencing on 30 June 2015 at 09:00 CEST and ending on 9 July 2015 at 14:00 CEST (the "Offer Period"), subject to acceleration or extension of the timetable for the Offering.</p> <p>Offer Price and Number of Offer Shares</p> <p>The Offer Price is expected to be in the range of €29.00 to €37.00 (inclusive) per Offer Share (the "Offer Price Range"). The Offer Price and the exact number of Offer Shares will be determined on the basis of a book-building process. The Offer Price</p>	<u>Event</u>	<u>Time (CEST) and date</u>	Start of Offer Period.....	09:00 a.m. on 30 June 2015	End of Offer Period.....	14:00 on 9 July 2015	Pricing.....	9 July 2015	Allocation.....	9 July 2015	First Trading Date (trading on an "as-if-and-when-delivered" basis).....	10 July 2015	Settlement Date.....	14 July 2015
<u>Event</u>	<u>Time (CEST) and date</u>															
Start of Offer Period.....	09:00 a.m. on 30 June 2015															
End of Offer Period.....	14:00 on 9 July 2015															
Pricing.....	9 July 2015															
Allocation.....	9 July 2015															
First Trading Date (trading on an "as-if-and-when-delivered" basis).....	10 July 2015															
Settlement Date.....	14 July 2015															

		<p>may be set within, above or below the Offer Price Range. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholders and ourselves, after consultation with the Joint Global Coordinators after the end of the Offer Period, including any acceleration or extension, on the basis of the book-building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate. The Offer Price, the exact numbers of Offer Shares to be sold and the maximum number of Additional Shares will be stated in a pricing statement which will be published through a press release that will also be posted on the Company's website and filed with the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>), the ("AFM").</p>
		<p>The Offer Price Range is an indicative price range. The Selling Shareholders and we, after consultation with the Joint Global Coordinators, reserve the right to change the Offer Price Range and/or to increase the maximum number of Offer Shares before the end of the Offer Period. Any such change will be announced in a press release (that will also be posted on the Company's website) prior to the end of the Offer Period.</p> <p>Subscription and Allocation</p> <p>Allocation of the Offer Shares is expected to take place on the first business day after the end of the Offer Period, on or about 9 July 2015, subject to acceleration or extension of the timetable for the Offering. Allocations to investors who applied to subscribe for Offer Shares will be determined by us in consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allocate the Offer Shares subscribed for. There is no maximum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than for which they applied to subscribe. Eligible retail investors who wish to subscribe for Offer Shares should submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from eligible retail investors and for submitting their subscriptions to ABN AMRO as the retail coordinator (the "Retail Coordinator"). The Retail Coordinator will consolidate all subscriptions submitted by eligible retail investors to financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholders. Eligible retail investors can only subscribe on a market order (<i>bestens</i>) basis. This means that they will be bound to purchase and pay for the Offer Shares indicated in their share</p>

		<p>application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). There is no preferential allocation to any retail investors.</p> <p>Payment</p> <p>Payment (in euro) for and delivery of the Offer Shares ("Settlement") is expected to take place on the settlement date, which is expected to be July 2015 (the "Settlement Date"). Taxes and expenses, if any, must be borne by the investor. Eligible retail investors may be charged expenses by their financial intermediary. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and payment and delivery).</p>
		<p>Delivery of Shares</p> <p>The Offer Shares will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made, any subscription payments made will be returned without interest or other compensation. All dealings in Shares prior to settlement and delivery are at the sole risk of the parties concerned.</p> <p>Underwriting Agreement</p> <p>The Company, the Selling Shareholders and the Underwriters are expected to enter into an underwriting agreement (the "Underwriting Agreement") with respect to the Offering. Under the terms and subject to the conditions set out in the Underwriting Agreement, the Selling Shareholders will severally agree to sell the Offer Shares at the Offer Price to purchasers procured by the Underwriters and the Underwriters will severally but not jointly agree to procure purchasers for, or failing which, to purchase at the Offer Price from the several Selling Shareholders, the Offer Shares.</p> <p>The Underwriting Agreement will provide that the obligations of the Underwriters to procure purchasers for, or failing which, to purchase themselves, the Offer Shares are subject to, the following conditions: (i) the approval of the Prospectus by the AFM being in full force and effect, (ii) receipt at closing of opinions on certain legal matters from counsel, relating to, amongst other things, the Company, the Selling Shareholders, the Underwriting Agreement, the Prospectus and the</p>

		<p>Offer Shares, (iii) receipt of customary officers' certificates, (iv) the absence of a material adverse effect on the business, financial position, results of operations or prospects of the Company and its subsidiaries taken as a whole or in financial markets since the date of the Underwriting Agreement, (v) the admission of the Shares to listing on Euronext Amsterdam occurring no later than 9:00 a.m. CEST on the First Trading Date and (vi) other customary closing conditions, most notably in respect of the accuracy of warranties by the Company and the Selling Shareholders, required disclosures by the Company having been made and each of the Company and the Selling Shareholders having complied with the terms of the Underwriting Agreement.</p> <p>Upon the occurrence of certain specific events, such as the occurrence of (i) a material adverse change in the business, financial position, results of operations or prospects of the Company and its subsidiaries taken as a whole or in financial markets since the date of the Underwriting Agreement, (ii) a material breach of the Underwriting Agreement or (iii) a statement in the Prospectus, the pricing statement or any amendment or supplement to the Prospectus being untrue, inaccurate or misleading, the Underwriters may elect to terminate the Underwriting Agreement until the Settlement Date.</p>
E.4	Interests material to the Offering (including conflicting interests)	<p>Joint Global Coordinators</p> <p>Morgan Stanley and UBS are acting as joint global coordinators.</p> <p>Joint Bookrunners and Underwriters</p> <p>The Joint Global Coordinators and ABN AMRO and Credit Suisse are acting as joint bookrunners and underwriters.</p> <p>Listing and Paying Agent</p> <p>ABN AMRO is the listing and paying agent with respect to the Shares on Euronext Amsterdam.</p> <p>Retail Coordinator</p> <p>ABN AMRO is the retail coordinator with respect to the Offering.</p> <p>Stabilization Manager</p> <p>Morgan Stanley is the stabilization manager with respect to the Shares on Euronext Amsterdam.</p> <p>Certain of the Underwriters and/or their respective affiliates have in the past been engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with us and/or the Selling Shareholders or</p>

		<p>any parties related to any of them, in respect of which they have received, and may in the future receive, customary fees and commissions.</p> <p>Additionally, the Underwriters may, in the ordinary course of their business, in the future hold the Company's securities for investment. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality by internal procedures or by rules and regulations. As a result of these transactions, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of purchasers or with the interests of the Company.</p>
E.5	Person or entity offering to sell the Offer Shares and lock-up arrangements	<p>The Selling Shareholders are offering the Offer Shares.</p> <p>Company and Selling Shareholders lock-up</p> <p>Pursuant to the Underwriting Agreement, the Company and the Selling Shareholders are expected to agree with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the First Trading Date (the company lock-up period), it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or other shares of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.</p> <p>In respect of the Company the foregoing restrictions shall not apply to the granting of awards in options or Shares by the Company or issuance of Shares upon the exercise of options granted by the Company pursuant to employee incentive schemes described in the Prospectus.</p> <p>In respect of the Selling Shareholders, the foregoing restrictions shall not apply to: (i) the sale of the Offer Shares in the Offering; (ii) the lending of Shares to</p>

		<p>the Joint Global Coordinators (acting on behalf of the Underwriters) pursuant to a stock lending agreement; (iii) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Dutch Financial Supervision Act or the provision of an irrevocable undertaking to accept such an offer, provided that the Joint Global Coordinators shall be notified in advance in writing two business days prior to such acceptance or undertaking (to the extent legally permitted); (iv) any transfer of Shares or any securities convertible into or exercisable for or substantially similar to, Shares by each of Summit Partners, Javak or Avalon to any of (y) its subsidiaries or subsidiary undertakings, or to any subsidiary or subsidiary undertaking of its ultimate holding company, or (z) its affiliates or to any investment fund or other entity controlled or managed by Summit Partners, Javak or Avalon or any of their respective affiliates referred to in (y) or any of each of their affiliates, provided that each such transferee shall continue to be bound by the foregoing restrictions for the remainder of the lock-up period; or (v) the transfer of the Shares held by the Foundation to the holders of depositary receipts issued for such Shares as part of the decertification (<i>decertificering</i>) of the Shares as set out in the Prospectus.</p> <p>EPP participant lock-up</p> <p>Javak, Avalon and a number of current and former employees, including the envisaged co-CEOs (after Conversion) Dennis Dijkstra and Sjoerd Rietberg (the "Co-CEOs") have acquired depositary receipts for membership interests in the Company's capital through participation in the Company's employee participation plan ("EPP"). The depositary receipts issued to the Co-CEOs and the EPP participants will be exchanged for Shares immediately following the Conversion, as a result of which the Co-CEOs and the EPP participants will become direct Shareholders in the Company (instead of the Foundation). The Co-CEOs and the EPP participants (excluding Javak and Avalon) are expected to enter into a lock-up agreement with the Company on or before the date of the Underwriting Agreement. Pursuant to these lock-up agreements, the Co-CEOs and the EPP participants (excluding Javak and Avalon) shall hold all the Shares owned by them in any event until 365 days from the First Trading Date. After the EPP lock-up period, a 3-year period commences during which, subject to certain conditions, the Co-CEOs and the EPP participants (excluding Javak and Avalon) are allowed to transfer or sell: (i) up to a maximum of 33⅓% of the Shares held at the moment of entering into the lock-up agreement in the first year after the expiry of the 365-day lock-up period, (ii) up to a maximum of 66⅔% of the Shares held at the moment of entering into the lock-up agreement in the second year after the expiry of the 365-day lock-up period, and (iii) all of the Shares</p>
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		<p>held at the moment of entering into the lock-up agreement in the third year after the expiry of the 365-day lock-up period.</p> <p>Pursuant to the Underwriting Agreement, the Company is expected to agree with the Underwriters that, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), it will not, for a period from the date of the Underwriting Agreement until 365 days from the First Trading Date, provide any waiver from the lock-up provisions contained in (i) each of the Co-CEOs' lock-up agreements, or (ii) the lock-up agreements for other EPP Participants holding a 0.5% economic interest (or more) in the Company immediately after Settlement.</p> <p>2015 EEP lock-up</p> <p>On 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs (the "2015 EEP"). The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. The aggregate subscription price paid for such depositary receipts was €22.2 million.</p> <p>Immediately following Conversion, the depositary receipts for membership interests issued under the 2015 EEP will be exchanged for Shares, as a result of which these employees, including the Co-CEOs will become direct Shareholders in the Company. The dividend, voting and other rights attached to these Shares are identical to such rights attached to all other Shares. None of these Shares will be sold or transferred in the Offering. The 2015 EEP is not contingent on completion of the Offering. If Conversion does not take place, the relevant employees shall continue to hold the depositary receipts on the same terms.</p> <p>Under the 2015 EEP a lock-up arrangement is entered into by each of the participants with the Company pursuant to which no depositary receipts or Shares may be transferred, sold, assigned or encumbered (other than any encumbrance in relation to a securities account) in any way by or on behalf of the holder thereof, nor may any transaction be entered into which has an effect that is legally or economically similar to a transfer, assignment or encumbrance, in each case for a period ending around 1 June 2018, which is the date 3 years as from the date of settlement of the 2015 EEP for the relevant individual. In the event of termination of employment during the 3-year lock-up period, and in the years thereafter in respect of depositary receipts or Shares that remain subject to a lock-up as set out below, the employee must offer its locked-up depositary receipts or Shares to the Foundation or</p>
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		<p>the Company, as the case may be, at the lower of (i) the corresponding subscription price paid for the relevant depositary receipts and (ii) the fair market value of such securities at the time of such termination, and in any event within 5 business days of the Foundation or the Company having given notice to the employee thereof. The Foundation or the Company, as the case may be, may at its discretion accept the offer, subject to any applicable restrictions under corporate or securities laws. After the expiry of the foregoing 3-year lock-up period, and conditional on the employee having remained employed (which includes no termination of employment notice having been given, not having been given notice nor a request for dissolution of the employment agreement having been submitted to the competent court) with the Company or any of its subsidiaries during the 3-year lock-up period and up to the relevant moment of transfer or sale, as the case may be, and depending on the moment of such transfer or sale, the owner of the depositary receipts or Shares, as the case may be, may transfer or sell such securities only in the manner set out below: (i) up to a maximum of 25% of the depositary receipts or Shares in the first year after the expiry of the 3-year lock-up period, (ii) up to a maximum of 50% of the depositary receipts or Shares in the second year after the expiry of the 3-year lock-up period, (iii) up to a maximum of 75% of the depositary receipts or Shares in the third year after the expiry of the 3-year lock-up period, and (iv) all of the depositary receipts or Shares after the third year after the expiry of the 3-year lock-up period.</p> <p>The Joint Global Coordinators may (on behalf of the Underwriters), in their sole discretion and at any time, waive the restrictions, including those on sales, issues, offers and transfers of Shares, described above.</p> <p>If the consent in respect of the lock-up arrangements as described above is requested, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted.</p>
E.6	Dilution	Not applicable. As only existing Shares will be offered, the Offering will not have a dilutive effect.
E.7	Estimated expenses charged to the investors by the Company or the Selling Shareholders.	Not applicable. No expenses have been or will be charged to the investors by us or the Selling Shareholders in relation to the Offering.

RISK FACTORS

Before investing in the Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on our business, results of operations, financial condition and prospects. In that event, the value of the Shares could decline and prospective investors might lose part or all of their investment.

All of these risk factors and events described below are contingencies which may or may not occur. We may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materializing, of the potential significance of the risks or of the scope of any potential harm to our business, results of operations, financial condition and prospects.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although we believe that the risks and uncertainties described below are the material risks and uncertainties relating to us and the Shares, other risks, facts or circumstances not presently known to us, or that we currently deem to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on our business, results of operations, financial condition and prospects. The value of the Shares could decline as a result of the occurrence of any such risks, facts or circumstances or as a result of the events or circumstances described in these risk factors, and prospective investors could lose part or all of their investment.

Prospective investors should read and carefully review the entire Prospectus and should reach their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, prospective investors should consult their own stockbrokers, bank managers, lawyers, auditors or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of their personal circumstances.

Risks Related to Our Business

Our net trading income and profitability depend, among other things, on trading volume in the markets in which we operate and the margins we capture, and are subject to factors beyond our control.

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.

The bid-ask spreads for the financial instruments we trade, and hence our margins, depend on a number of factors outside our control, including the prices quoted by our competitors, market conditions (including volatility and availability of hedges or markets) and regulatory measures (such as the introduction of market-making obligations, order-to-trade ratios or financial transaction taxes). Our margins are also influenced by our risk management, i.e. the amount of risk we are willing or able to take. In addition, compressed bid-ask spreads result in lower margins and thus reduced net trading income and profitability.

Volatility can influence trading volumes and our margins in either direction (i.e. higher volatility can increase or decrease trading volumes and bid-ask spreads) and can expose us to increased risks. Extreme market movements can, in particular, alter the characteristics of the markets in which we trade by affecting the willingness of market participants or of our trading counterparties to trade, thus reducing volumes. Market fluctuations and adverse market conditions can also increase the potential for losses on financial instruments held in inventory and failures of buyers and sellers to fulfill their obligations to us and to settle their trades when trading off exchange. Furthermore, such conditions can reduce the availability of our hedging opportunities. The future evolution of the foregoing factors is impossible to

predict and each could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are dependent upon prime brokers, ETP issuers, trading counterparties, central counterparties "CCPs" and custodians to perform their obligations to us.

Our business consists of providing liquidity by trading with market participants across numerous geographies and asset classes. Certain market participants may not be able to meet their obligations to their trading counterparties, who, in turn, may not be able to meet their obligations to their other trading counterparties, which could lead to a default by one or more material market participants, which, in turn, may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. In addition, our counterparties are subject to extensive regulation. Thus, the imposition of new regulatory restrictions or requirements by regulatory authorities could negatively affect their businesses and thus their ability to trade with us and, ultimately, our operations and profitability. We are, in particular, dependent upon the performance by our prime brokers, ETP issuers, trading counterparties, CCPs and custodians of their obligations towards us.

Prime brokers

In order to be able to perform our operations, we rely substantially on services provided to us by prime brokers which support us in managing our trading, principally by providing access to markets where we have no direct membership, clearing and settling trades in the securities, futures and derivatives markets, lending us securities and cash, and providing margin financing. We maintain relationships with two principal prime brokers with global operations, ABN AMRO Clearing Bank N.V. ("**ABN Clearing**") and Bank of America Merrill Lynch ("**BAML**"), and use the services of additional local specialist prime brokerage firms in certain emerging geographical markets. While we seek to establish relations with prime brokers with strong capital reserves, we are exposed to significant risks if the services of ABN Clearing and BAML, in particular, become unavailable in part or in full for any reason or if such prime brokers fail to fulfill their obligations towards us. These risks include potential losses from our inability to trade or hedge our positions effectively (particularly if such inability were to occur in a period of substantial market volatility) or to obtain access to liquidity, as well as increased operational costs resulting from price increases by our existing prime brokers, or seeking substitute services and the potential higher costs to us of utilizing such substitute services.

Prime brokers assume and specialize in managing counterparty performance risk relating to our trades. However, even when trades are cleared in this manner, there can be no assurance that a prime broker's risk management methodology will be adequate to manage one or more defaults. Given the degree of counterparty performance risk that is concentrated in prime brokers, any failure by any prime broker to properly manage a default, or otherwise to fulfill obligations to its counterparties, could lead to a systemic market failure, as well as to increased political and regulatory scrutiny of the financial services industry and financial markets, either of which, in turn, could cause us to suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

ETP issuers

The market for the issuance of ETPs is concentrated, with the following issuers issuing the majority of the ETPs we trade: BlackRock (iShares), Deutsche Bank (db X-Trackers), ETF Securities, Société Générale (Lyxor), PowerShares, Source ETFs, State Street Global Advisors (SPDR), Vanguard and WisdomTree. As we specialize in trading ETPs, we rely substantially on the services of these issuers to create and deliver to us the ETPs we sell in exchange for our delivery to these issuers of the securities underlying the ETPs or cash (a process known as "creation"), as well as for the reverse transaction of delivering to these issuers the ETPs we buy in exchange for receiving the securities underlying the ETPs or cash (a process known as "redemption"). For a detailed description of these processes, see "*Industry—The ETP ecosystem—ETP Creation and Redemption*". If an ETP issuer is unable or unwilling to create the ETPs we require (for example, due to a discontinuation of the product or regulatory limitations) and if we are otherwise unable to obtain such ETPs through a secondary market trade, we may be unable to manage our positions effectively or efficiently, may incur higher costs to unwind our positions or face penalties for failing to deliver the instruments, and may have to discontinue an otherwise profitable trading strategy. ETP issuers can, at any time, decide to alter their product offering or increase their fees for creating and redeeming ETPs. Any of these circumstances could limit our trading and hedging opportunities, cause us to incur trading losses or increase our costs. Moreover, in addition to information provided to us by index

providers (such as MSCI or FTSE), we rely on ETP issuers to make available to us accurate information regarding their products (for example, the exact composition of an ETP). We could incur a loss if this information turns out to be incorrect, for example by mispricing the ETP or ineffectively hedging our position in the ETP. Furthermore, with respect to our trading of exchange traded notes ("**ETNs**"), which are debt obligations, we are exposed to credit risk in the event of default by the ETN issuer. Finally, the ETPs we trade may contain a swap (particularly in the case of synthetically replicated ETPs), which exposes the issuer of the ETP to a risk of default of a swap counterparty that may be unidentified. A swap counterparty's default could impact the value and price of the ETP, and cause us to have a discrepancy in our hedge. As a result of any of these events, we could suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Trading counterparties

We trade off-exchange with more than 350 counterparties, which include major financial institutions. Should one of our trading counterparties fail to fulfill their obligations towards us, we could lose a trade or a hedge and incur a loss as a result. While we generally seek to have netting agreements in place with our trading counterparties, this is not always the case. In the absence of a netting agreement, our exposure in the event of a trading counterparty failure will increase. In addition, in the first three months of 2015, approximately one-quarter in value of our off-exchange trading with institutional counterparties resulted from transactions with 6 out of the total number of institutional counterparties. None of our trading counterparties is contractually obligated to trade with us, and our business, financial condition, results of operations, cash flows and prospects could be adversely affected if a significant number of our major counterparties were to discontinue trading with us.

CCPs

Many trades in the securities and futures markets, and an increasing number of trades in the over-the-counter derivatives markets are cleared through CCPs. We rely substantially, albeit indirectly through our prime brokers, on services provided to us by such CCPs including Clearstream, Depository Trust and Clearing Corporation, Euroclear, Japan Securities Clearing Corporation and LCH.Clearnet as well as CCPs affiliated with trading venues including Eurex Clearing, SIXclear, SGX and Xetra Clearing. A failure by a CCP to support the settlement of the transactions cleared through the CCP, to respond to or resolve defaults of the CCP's clearing members, or otherwise to manage risks that threaten the orderly operation of the CCP could lead to a systemic market failure and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Custodians

Custodians are responsible, among other things, for holding financial instruments on behalf of various market participants, including the assets of the underlying physically-backed ETPs we trade. We rely substantially, albeit indirectly through our prime brokers, on services provided to us by such custodians, including Bank of New York Mellon, Depository Trust and Clearing Corporation, Euroclear and Clearstream. In the event of a custodian's default, market participants (including ETP issuers and we as owners of ETPs) may not be able to recover the financial instruments or otherwise obtain the benefit of the custodian's services, which could disrupt orderly trading and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We could lose significant sources of net trading income if we are unable to access an important exchange or other trading venue.

Changes in applicable laws, regulations or rules promulgated by exchanges or other trading venues, as well as any unforeseen inability of ours to comply with such laws, regulations or rules, could prevent us from providing liquidity on a trading venue. Suspension, loss or disruption of access to a trading venue could also limit our hedging opportunities, which in turn would increase the risk of certain strategies, limit the financial instruments we are willing to trade as well as our ability to enter into new trading strategies. Although our net trading income is diversified across 94 trading venues globally, the suspension, extended loss or disruption of access to one or more significant trading venues, in whole or in part, for any reason could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

A systemic market event could cause us severe harm.

The financial system in which we operate faces systemic risk that the system as a whole, or important parts of it, cease to operate smoothly in a crisis and fail temporarily to perform effectively their key economic functions. This risk could occur due to a variety of events which are by their nature unpredictable and outside of our control. Systemic risk could stem from unfavorable developments within a few financial institutions, which might impact other systemically important market participants. It could also arise outside of the financial system (for example, in reaction to a sovereign default) and then impact the wider economy through damage caused to financial institutions or by directly affecting financial markets. A systemic market failure could create extreme market situations, such as market closures, capital restrictions, the unavailability of certain currencies or financial instruments, the imposition of trading limits, sharp increases in the prices of services and contraction of the supply of liquidity, as well as damage investor confidence and lead to sudden adverse policy changes by market actors. Any event that has a significant impact on the financial system could interfere with orderly trading and hedging, and therefore have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may incur losses in the event of failures of our technology platform.

The success of our trading is substantially dependent on the accuracy and performance of our technology platform, which is comprised of algorithms, strategies, software, interfaces and trading infrastructure (including hardware and connectivity). We use this technology platform to price financial instruments, generate and manage orders, interface with trading venues, process trades and enter into hedges. This platform evaluates and monitors the risks inherent in our trading strategies, assimilates market data and reevaluates our outstanding quotes continuously throughout the trading day. Our strategy is to effectively hedge our positions throughout the trading day in order to manage risk exposures on our positions. Flaws in our strategies or encountering delays or inaccuracies in the market data that we use to generate our quotes, as well as operational errors in managing risk parameters, other strategy inputs, outstanding quotes or orders, or in retrieving and processing trades could lead to unexpected or unprofitable trades or ineffective hedges, which could result in material trading losses and reputational damage. While we have implemented extensive measures to control our technology platform and monitor its reliability to the fullest extent possible, we may not be able to control the platform at all times or the platform could malfunction and operate in ways that are not transparent to us. Any failure of our technology platform could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may incur losses from our trading.

We derive net trading income and operating profits from our trading as principal on various exchanges and markets. Although our strategy is to provide liquidity on a market neutral basis, by minimizing our exposure and thereby minimizing risk and potential losses, we may incur trading losses relating to these activities since they primarily involve the purchase, sale or short sale of securities, futures and other financial instruments for our own account. In any period, we may incur significant trading losses for a variety of reasons, including lack of liquidity and price fluctuations in instruments in which we have positions to the extent we are not fully hedged. Furthermore, we may from time to time develop large concentrations in securities or other financial instruments of a single issuer or issuers engaged in a specific industry, or alternatively in a single futures contract or other financial instrument, which would lead to higher liquidity risk than if our concentration were lower. This concentration may limit or restrict, for example, our ability to either profitably resell financial instruments we have purchased or to repurchase financial instruments we have sold. In addition, due to a limited amount of available securities, we may experience difficulty borrowing securities to make delivery to investors to whom we have sold securities short or return to lenders from whom we have borrowed securities. Moreover, any change in generally accepted market terms, conditions and practices (for example, the timing of publication of closing rates) could cause us to misprice the financial instruments we trade and could lead to losses. We may not be able to manage these risks successfully and could experience significant losses from our trading activities, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

As part of pursuing a market neutral trading strategy, we seek to hedge our trading exposure in part or in full, by buying or selling financial instruments with the same or similar exposure in an offsetting transaction. Our strategy is designed to be able to lock in returns through precise and nearly instantaneous

hedging, as we aim to eliminate market risk in any position we hold. There may be a number of reasons why we may not be able or willing to secure a fully effective hedge at all times. This includes the unavailability of, or lack of liquidity in, the financial instrument necessary to achieve the desired hedge, the fact that we may only be able to hedge using a similar, but not the same, instrument as the one we have traded, market closure, insufficient information, or errors in determining or implementing an appropriate hedge. Any unhedged exposure may result in losses for us, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are susceptible to operational risks, which could lead to losses.

Operational risk is the risk that deficiencies in information systems or internal controls, human errors, or management failures result in unexpected losses. Such risk is inherent in our business. Possible operational failures include human errors such as wrong price quotes or wrong position sizes, delays in interacting with our trading system, for example in case of a loss of the exchange connection, system outages and malfunctions, insufficient capacity, programming errors or other errors, the utilization of imperfect information or misinterpretation of information, or fraud or circumvention of controls by staff. The occurrence of one or more of these risks could lead to an accumulation of unprofitable exposures or cause us to enter into imperfect hedges, thus causing us to suffer substantial losses and reputational harm. Furthermore, operational risks at our counterparties, including ETP issuers, prime brokers, custodians, CCPs and trading venues, as well as third-party providers of services relevant for our infrastructure such as data vendors, connectivity and data center providers, could impede the effectiveness of our risk mitigation measures and cause us to incur unforeseen losses. As a result, operational risks could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may incur losses as a result of ineffective risk management systems, processes and strategies.

We seek to monitor and control our risks through a risk and control framework encompassing a variety of separate but complementary operational, market, credit, liquidity, settlement, compliance, legal and financial reporting systems, internal controls, management review processes and other mechanisms, as described in more detail in "*Business—Risk Management*". Our risk monitoring and risk mitigation techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. Any ineffective risk management control, process or strategy could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are exposed to losses due to lack of perfect information and are exposed to risks arising from improper use of data.

Our trading involves the constant buying of a wide range of financial instruments from sellers and the selling of such financial instruments to buyers. In assessing and quoting prices of the instruments we trade, we must take into account a significant amount of complex information, such as the characteristics of the relevant financial instrument and the market in which it trades as well as those of related or alternative instruments, corporate announcements, and economic and political considerations. At the same time, in order to decide whether we are willing to trade a financial instrument and the price at which we do so, we must be mindful of any information gaps to assess the risks connected with trading. In obtaining such information, we rely on business and market data delivered to us by third parties, mainly directly from exchanges where we trade or are a member but also through private data providers such as Bloomberg. The information we obtain may not always be timely, accurate or complete and we could misprice a financial instrument and incur losses if we trade on imperfect information. Furthermore, we may at times trade with others who have information that is more timely, accurate or complete than the information we have, and as a result we may accumulate substantial positions preceding unfavorable large price movements in a given instrument. Moreover, we are exposed to risks arising from the improper use of data supplied to us by our data providers, which impose conditions on how we process and use their information. If we violate any of the conditions imposed on us, we could incur contractual penalties, such as incurring a penalty fee in addition to paying for additional usage, or our data providers could terminate their services. Should the frequency or magnitude of these events increase, our losses would likely also increase, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We face intense competition in our business.

Our net trading income depends on our ability to trade financial instruments at prices that are competitive and represent the best bid-ask price at a given time. We compete with other market participants not only in respect of the price and size of our quotes, but also on other factors such as technology (e.g., speed and capacity of connectivity and processing) which we require to price competitively. Our competitors include registered market makers as well as unregulated trading firms and range from sole proprietors with very limited resources to highly sophisticated groups such as hedge funds, well-capitalized broker-dealers, global investment banks and proprietary trading firms or other market makers that may have substantially greater financial and other resources, trading volumes and name recognition than us. See also "*Business—Our Competitors*". Certain competitors may be better able to respond to changes in the trading industry and regulation, to compete for skilled professionals, to acquire or develop technology, to secure access to infrastructure, markets, issuers and counterparties, to finance investments, to fund internal growth, to manage costs and expenses and to compete for market share generally. In particular, if our competitors were to gain a technological or commercial advantage over us, our business could suffer substantial harm. Certain trading firms may also be subject to less regulation than we are, which may allow them to avoid regulatory restrictions that apply to us or trade at lower costs than us on some markets or exchanges. In addition, we may in the future face enhanced competition from current or new market participants that may also have greater financial and other resources than we do. Competitive pressures have resulted, and may in the future result, in compressed bid-ask spreads in the marketplace, in particular where markets or products are mature (such as the United States) or maturing and as trading becomes more sophisticated and automated, which could adversely affect our business, financial condition, results of operations, cash flows and prospects. Moreover, current and potential competitors may establish cooperative relationships among themselves or with third parties or may consolidate to enhance their services and products. The trend toward increased competition in our business is expected to continue, and it is possible that our competitors may acquire increased market share. Increased competition or consolidation could reduce the margins on which our business and profitability depend. As a result, there can be no assurance that we will be able to compete effectively with current or future competitors, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We require substantial liquidity to fund our ongoing operations and the margins required by our prime brokers and CCPs and our access to the necessary liquidity could become constrained.

We require continued access to liquidity, principally to fund our trading positions and margins required by our prime brokers and, indirectly through posting margins with our prime brokers which will post such margins with the CCPs on our behalf, CCPs, as well as to finance various ongoing obligations such as operating expenses and capital expenditures. Our main sources of funds are liquidity provided by our prime brokers through uncommitted credit line facilities and margin financing, as well as cash flows from operating activities. See also "*Operating and Financial Review—Liquidity and Capital Resources—General*".

Each of 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 that prime broker. The positions are subject to pledge and collateral arrangements.

For more information on our facilities with prime brokers, see "*Business—Material contracts—Clearing and prime brokerage agreements*".

Our access to liquidity could become constrained and our financing costs could increase due to a number of factors beyond our control, including higher capital or liquidity requirements imposed on our financing counterparties (including prime brokers and CCPs). In addition, our financing counterparties could at any time reduce the credit lines which they make available to us, increase margins, collateral requirements, funding rates or fees, restrict the currencies in which liquidity is available to us or impose restrictions on how we utilize the financing they provide, for instance, by limiting the volumes, financial instruments and markets in which we can trade. If we are unable to comply with the terms of our principal funding arrangements (including key terms relating to repayments of drawings, compliance with margin requirements or posting of collateral (i.e. cash and our trading accounts held with the respective financial institution)), our liquidity and ability to trade could deteriorate. If we are unable to access sufficient or

cost-effective liquidity in the future, we could suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Damage to our reputation and the reputation of our industry could be detrimental to our business.

Damage to the reputation of our Group, our industry and ETPs, as perceived by investors, our regulators and counterparties (including prime brokers, issuers, trading counterparties and exchanges), could lead to negative publicity, loss of income, litigation, regulatory or legislative action (including the loss or suspension of operating licenses), loss of existing and potential business, reduced workforce morale, and difficulties in recruiting talent. The reputation of our Group, our industry and ETPs could be harmed in many different ways, including by our or other industry participants' actual or perceived regulatory, risk management, governance or technology failures, inappropriate or unethical behavior or association with controversial activities, markets or market participants. An event or opinion (such as the recent negative media attention on electronic trading and market structure) that adversely affected the reputation of the industry, our Group, any of our employees, counterparties or other market participants could result in negative publicity, political or public sentiment, increased regulatory scrutiny and impede our recruitment efforts, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We depend on our technology, and our future results may be adversely affected if we cannot remain technologically competitive.

The markets in which we compete are characterized by rapidly changing technology, evolving industry standards and changing trading practices and techniques. Our success has to a significant extent been, and is expected to continue to be, attributable to our technology and its advancement, which has taken extensive time, cost and effort to develop. If technology or software similar or superior to ours becomes more widely available and we are unable to keep pace with such developments, our operating results may be negatively affected. In addition, the adoption or development of similar or more advanced technologies and software by our competitors may require that we devote substantial financial and management resources to the development and deployment of more advanced technology and software to remain competitive. Regulators, trading venues, prime brokers and other counterparties may also heighten the risk control, compliance and technological requirements of our business, which could result in increased costs of compliance and divert our technological resources away from the development of operational trading strategies. Moreover, we may incur substantial research and development, sales and marketing expenses and expend significant management effort to add new features to our trading platforms. Despite our efforts, we may not be able to anticipate or respond adequately or in a cost-efficient and competitive manner to technological advancements (including advancements related to low-latency technologies, execution and messaging speeds which are particularly important to us) or changing industry standards. If any of these risks materialize, our business, financial condition, results of operations, cash flows and prospects could be adversely affected.

Our reliance on technical infrastructure could expose us to substantial financial harm if it was subject to any material disruption, corruption, system failure, malfunction or delay.

In addition to our main trading software, which is proprietary and developed in-house, we operate and maintain a technological platform that we designed, developed and maintain for which we use third-party technical machines, services and infrastructure (including computer systems, software, hardware, connectivity and communication infrastructure, and data centers), where we strive to have full redundancy in order to avoid dependence upon a single module or provider. We rely on such machines, services and infrastructure provided by third parties to receive and properly process internal and external data and utilize such data to generate orders and other messages. In addition, we operate over 1,100 machines and servers in 37 data centers worldwide, supporting approximately 65 million order messages per day in 2014. Our business is heavily dependent on the integrity and performance of our infrastructure. The impact on our operations of damage to our systems, malfunction or interruption from human error, software bugs and errors, natural disasters, power loss, utility or internet outages, computer viruses, intentional acts of vandalism, terrorism and other events outside of our control could be significant. Since the timing and impact of disasters and disruptions are unpredictable, we may not be able to respond to actual events as they occur in a timely manner or at all. Any discontinuation of or a disruption in the proper functioning of the technical infrastructure on which we rely, in part or in whole, including from corruption of software or erroneous or corrupted data, may limit our trading opportunities, cause us to make erroneous trades, suspend our trading or incur losses, and could have a material adverse effect on

our business, financial condition, results of operations, cash flows and prospects. We cannot guarantee that, following a significant business disruption, our disaster recovery and business continuity plans will permit full recovery of our systems in a timely fashion or at all.

We are particularly dependent on the availability and proper functionality of business and market data feeds from third parties, based on which we make our trading and pricing decisions. In general, there are multiple potential suppliers for our essential processes, but switching suppliers may create additional operational burdens and costs for us. We may not be able to source equivalent alternative products or services to replace any discontinued or disrupted product or service on a timely basis, on commercially reasonable terms or at all. If we are prevented from effectively performing any of our trading operations, or if our business continuity procedures do not work effectively, we may not have complete business continuity, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Failure to protect our technical infrastructure against breaches, theft or vandalism, or otherwise protect confidential and proprietary information, could damage our reputation and negatively impact our business.

Our system integrity and IT security measures may not detect or prevent all attempts to compromise our technical and trading infrastructure (including denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions) or human or system errors that may jeopardize the security or integrity of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our system integrity and IT security measures could result in any of the following: unauthorized access to our systems; unauthorized access to and misappropriation of information or data, including confidential, proprietary or privacy-sensitive information about ourselves, our employees, third parties with whom we do business or our proprietary systems; viruses, worms, spyware or other malware being placed in our systems; deletion or modification of valuable or otherwise relevant information; or a denial-of-service or other interruptions to our business operations. Trading venues, counterparties and service providers on whom we rely for our business could also experience similar breaches and disruptions. Because errors may go unnoticed and techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate these errors or attacks, or to implement adequate preventative measures. Any actual or perceived breach of our system integrity and IT security measures could damage our reputation, expose us to a risk of financial loss or litigation and possible liability, require us to expend significant capital and other resources to alleviate problems caused by such breaches and otherwise have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Capacity constraints of computer and communications systems could harm our business.

Unexpected extraordinary messaging volume between trading venues and our systems (including due to high trading volumes and other unforeseen events) could cause the computer and communication systems and software needed to support our trading to operate in ways that we did not intend, at an unacceptably low speed or even to fail. Although the systems and infrastructure on which we rely are designed to accommodate additional volume or growth without redesign or replacement, we may need to make significant investments in additional systems and technical infrastructure to accommodate growth. The imperfect operation of systems on which we rely (including those of third parties, such as trading venues, ETP issuers and prime brokers), or failure to make necessary expansions and upgrades to our systems and infrastructure, could not only limit our business and growth prospects but could also cause substantial losses and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

The availability of certain software is critical to our business.

We use software development tools (such as programming languages C++ and Java) and operating systems (e.g., Microsoft Windows and Linux) covered by licenses (including open source licenses) and may incorporate such software or code generated using such software into our proprietary software. Should the availability to license the software development tools or operating systems we require become limited for any reason, we could be required to (i) seek licenses from other third parties in order to continue to operate certain elements of our technology or (ii) re-engineer all, or a portion of, our software, any of which could entail significant additional costs and require significant other resources, which in

turn could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

To the extent we have made use of open source software, operating systems or programming languages (which refers to any code, shareware or other software that is made generally available to the public without requiring payment of fees or royalties or that may require disclosure or licensing of any software that incorporates such source code, shareware or other software), third parties might assert contractual or copyright and other intellectual property-related claims against us based on our use of such tools and software programs or might seek to compel the disclosure of the source code of our software or other proprietary information, all of which could have a detrimental effect on us. Regardless of the validity of such claims, addressing such claims may entail significant costs and require significant other resources, which in turn could potentially have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may be unable to protect our intellectual property rights, may be prevented from using intellectual property necessary for our business and may be found to infringe on the intellectual property rights of others.

We rely heavily on intellectual property in our business operations. We protect our intellectual property and proprietary technology, including through patents, trade secrets, proprietary know-how, copyright, and confidentiality and non-compete agreements. Third parties could replicate, copy or otherwise obtain and use our intellectual property or proprietary technology without authorization or otherwise infringe on our rights, and the measures through which we seek to protect our intellectual property could prove unenforceable or ineffective. For example, last year, two former employees in our New York office pled guilty to charges of stealing proprietary trading strategy files and source code from us. The theft of our technology, confidential and proprietary information or other intellectual property could result in significant harm to our business, financial condition, results of operations, cash flows and prospects.

In addition, third parties could allege that we are infringing, misappropriating or otherwise violating their intellectual property rights. Any such claims could interfere with or increase the costs associated with our ability to use technology or intellectual property that is material to our operations. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties, such as entities that purchase intellectual property assets for the purpose of bringing infringement claims.

As a result, we may have to rely on, or become subject to, litigation to enforce our, or to defend ourselves against claims made by others regarding, intellectual property rights. Any such litigation, whether successful or unsuccessful, could result in substantial costs and the diversion of resources. If unsuccessful, such litigation could result in the loss of important intellectual property rights, require us to pay substantial damages, subject us to injunctions that prevent us from using certain intellectual property, require us to make admissions that affect our reputation and require us to enter into license agreements that may not be available on favourable terms or at all. Even if we prevail in any litigation, the remedy may not be commercially meaningful or fully compensate us for the harm we suffer or the costs we incur. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may not be able to retain our key staff or attract and retain other highly skilled professionals, which could be detrimental to our business.

The success of our business is dependent on the leadership of our key management, as well as on other highly skilled and often specialized trading, operations, risk management, technology, compliance, legal, human resources and finance professionals. The loss of members of any such staff could impair our ability to operate our business and execute our business plan, and could have a negative impact on our operating result. In addition, our future success depends, to a significant degree, on our continued ability to identify, attract, hire and retain highly qualified staff who are in high demand and often have competing offers. Competition for qualified staff in the financial services industry (including in technology and software development) is intense and we cannot provide assurance that we will be able to hire or retain a sufficient number of qualified personnel to meet our requirements, or that we will be able to do so at the salary, benefits and other compensation costs that are acceptable to us or that would allow us to achieve operating results consistent with our historical results. Although our current remuneration model was approved by our primary regulator, we have no assurance that such requirements will remain the same over longer periods of time in any jurisdiction where we operate. As we are headquartered in the

Netherlands, regulatory requirements applicable in the Netherlands may impact the remuneration of our employees in other jurisdictions. As our business grows, our reputation as an attractive employer will become increasingly important. A loss of qualified professionals, or an inability to attract, retain and motivate additional highly skilled professionals in the future, could have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.

Leakage of sensitive data may violate laws and regulations that could result in fines and loss of reputation.

We accumulate, store and use in our business commercially or personally sensitive data which may be protected by data protection laws. For example, European data protection authorities have the right to audit us and impose fines if they find we have not complied with applicable laws and adequately protected certain data. We work with third-party service providers and although our contracts with them restrict the usage of data and impose protective precautions, there is no assurance that they will abide by the contractual terms or that the contracts will be found to be in compliance with data protection laws. Loss or leakage of sensitive data or violation of data protection laws may result in fines and loss of reputation, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We are exposed to risks associated with our international operations.

We are exposed to risks and uncertainties inherent in operating on global markets, particularly in the heavily regulated financial services industry and financial markets. Such risks and uncertainties include political, economic and financial instability, changes in regulatory or taxation requirements, adverse changes in political, media or public opinion, changes in tariffs and other trade barriers, exchange rate fluctuations, currency controls, the imposition of restrictions on currency conversion or the transfer of funds, limitations on our ability to repatriate capital or earnings generated outside the Netherlands in a tax efficient manner and difficulties in staffing and managing foreign operations, including reliance on local experts. In addition, the varying compliance requirements of different regulatory jurisdictions and other factors may limit our ability to successfully conduct or expand our business internationally and may increase our costs. We may not be able to manage these costs or risks effectively, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may experience risks associated with future growth or expansion of our operations or acquisitions or dispositions of businesses, and we may never realize the anticipated benefits of such initiatives.

In the future, we may explore and pursue opportunities to strengthen and expand our business. We may seek access to new markets and financial instruments or increase our presence in existing markets in order to trade, improve our hedging strategies and mitigate risk. To this end, we could make acquisitions or significant investments in or disposals of businesses. In doing so, we may spend substantial time and resources, but may not realize the anticipated benefits of any such initiatives and there may be other unanticipated effects. If our efforts are not successful, we may miss important opportunities and not be able to offset the cost of such transactions. These initiatives could require substantial time and attention of our management, which could prevent the management team from successfully overseeing other activities.

Any future acquisitions, investments or expansion could result in difficulties in assimilating the operations and personnel of acquired entities, maximizing our financial and strategic position and maintaining uniform standards, controls, procedures and policies. Such investments could also impair existing relationships with employees, suppliers and counterparties, as well as expose us to significant liabilities that were not identified at the time of the transaction. If we fail to realize any anticipated benefits, or if we experience any unanticipated or unidentified effects in connection with any future acquisitions, investments, expansion or dispositions, we could suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Fluctuations in currency exchange rates could negatively impact our earnings.

Our reporting currency is the euro. However, a significant portion of our net trading income is generated in currencies other than the euro. Changes in foreign exchange rates relative to the euro can affect the value of our non-euro assets, net trading income and expenses. Despite our strategy to hedge all our

trading positions, we may be unable to fully hedge some of our trading positions in certain currencies and may not always obtain funding in all the currencies we require. From our New York and Singapore subsidiaries we regularly pay out excess capital held by those subsidiaries (which is equal to cash and cash equivalents in local currency less our expected operating costs in such local currency) as a dividend to the Group's parent company in Amsterdam. We consider on a daily basis whether to hedge the excess capital, taking into account the cost of the hedge and the amount of exposure. As a result, material fluctuations in currencies, to the extent not hedged, could have a material effect on our financial condition, results of operations, cash flows and prospects.

We do not maintain business interruption insurance and do not self insure, which could expose us to losses.

We do not maintain business interruption insurance and we do not maintain full coverage under our other insurance policies to cover all losses or damages in respect of our business, facilities, equipment or personnel. We also have not set aside any amounts to cover any such potential future losses. Although we have in place redundancies to back up our primary network and computer systems, and a business continuity plan, any circumstances that would expose us to a business interruption or loss (including events of catastrophic nature, such as earthquakes, floods, windstorms, acts of war and terrorist attacks) could have a material adverse effect on our business in case our disaster recovery protocols would not work as designed. For instance, an opportunity loss as a result of a trading office being unable to trade for an extended period of time while incurring additional costs as a result of the business interruption. This could lead to a material adverse effect on our financial condition, results of operations, cash flows and prospects.

Risks Related to Legal, Regulatory and Tax Matters

Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects.

The financial services industry and the financial markets are heavily regulated in the countries in which we operate, and we are subject to regulations covering all aspects of our business and the markets in which we operate. Regulatory bodies that exercise or may exercise authority over us include the AFM, the Dutch Central Bank (*De Nederlandsche Bank*) ("**DNB**"), the U.S. Securities and Exchange Commission (the "**SEC**"), the Chicago Board Options Exchange (the "**CBOE**"), the U.S. Commodity Futures Trading Commission (the "**CFTC**"), the U.S. Financial Industry Regulatory Authority, Inc. ("**FINRA**"), the Monetary Authority of Singapore ("**MAS**"), the various trading venues and local regulators overseeing financial markets in their respective jurisdictions. In recent years, the regulatory complexity of the environment in which we operate has grown significantly, and penalties, fines and publicity sought by regulatory authorities have increased considerably. Recent changes in the regulators and agencies overseeing the financial services industry and the financial markets have also been enacted or proposed. This increasing complexity has at times led and may lead to diverging or conflicting interpretations of applicable regulations among various jurisdictions. See also "*Regulation*". Our mode of operation and profitability, as well as the business operations of other market participants, may be directly affected by additional legislation and changes in rules promulgated by regulators and self-regulatory organizations, including the U.S. exchanges of which we are members ("**SROs**") and trading venues that oversee our businesses, in addition to changes in the interpretation or enforcement of existing laws and rules and/or lack of coordination between regulators of SROs.

Recent media attention to electronic trading and market structure, in particular in the United States, has created uncertainty with respect to various types of transactions that historically had been entered into by financial services firms and that were generally believed to be permissible and appropriate. For example, "high frequency" and other forms of low latency or electronic trading strategies have been the focus of extensive regulatory attention by regulators and SROs in the jurisdictions in which we operate, and we believe such attention is likely to continue. Electronic trading strategies such as those which we use are often misunderstood to be similar to high frequency and other forms of low latency trading techniques that allow certain market parties to predict or anticipate market movements, which continue to be the focus of extensive political, regulatory and media attention. Our liquidity provision strategies are not directional and do not seek to anticipate future pricing of individual financial instruments. Rather, they calculate the value of the underlying financial instruments of an ETP or related instrument and quote buy

or sell prices on the basis of such current, public, prices. Nevertheless, our trading strategies also receive regulatory and media attention.

Pursuant to the Basel III supervisory framework, as implemented through the EU Capital Requirements Directive (2013/36/EU) and the Capital Requirements Regulation (575/2013), banks and investment firms, including prime brokers, will have to continue strengthening their capital buffers in order to meet the increasingly stringent capital requirements. Measures to ensure compliance with the framework requirements may include, for example, profit retention, cost savings, balance sheet adjustments and issuing new capital instruments. For instance, some previously used financing instruments will be excluded from capital buffers. Banks and investment firms may be forced to raise their levels of capital by issuing new capital instruments, retaining profit and making balance sheet adjustments due to current and future regulatory requirements. The costs of doing so may increase for them and may be passed on to their clients, including ourselves in respect of our prime brokers if capital needed to fund our liquidity required becomes more scarce. In addition, banks, including prime brokers, may restrict lending to their clients, including ourselves. Regulatory capital requirement rules prohibit payments of dividends (see also "*Risks Related to the Offering and the Shares— Our ability to pay dividends may be constrained as the Company is a holding company and depends on its subsidiaries for dividends, distributions and other payments*"), redemptions of stock, prepayments of subordinated indebtedness and the making of any unsecured advances or loans to a stockholder, employee or affiliate, in certain circumstances, including if such payment would reduce the firm's net capital below required levels. These rules could limit our operations that require the intensive use of capital and also could restrict our ability to withdraw capital from our regulated subsidiaries. A significant operating loss or any unusually large charge against net capital could negatively impact our ability to expand or even maintain our present levels of business.

Our consolidated Group and our subsidiary Flow Traders B.V. are subject to regulatory capital requirements in the Netherlands and our subsidiary Flow Traders U.S. LLC is subject to regulatory capital requirements in the United States. These rules specify minimum capital requirements for our regulated subsidiaries. See also "*Operating and Financial Review—Liquidity and Capital Resources— Capital requirements*" and "*Regulation*". Currently we hold sufficient excess capital to fulfil such requirements. If, due to future regulation or interpretation of such regulations, we would be required to hold more capital than we currently do, this may have a significant impact on our ability to pay dividends and may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

The regulators, trading venues and SROs that oversee our business have proposed or are considering the adoption of additional laws and rules, the most relevant of which are summarized in the following paragraphs. For further information, see "*Regulation*". The changes within our enforcement and regulatory environment could necessitate a change in the way in which we trade, the amount of regulatory capital we are required to hold, the controls and infrastructure we must implement, the manner in which we fund our operations, and could also impose additional technological and compliance costs on our business and otherwise have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. The likelihood of adoption of such laws and rules may be enhanced by recent scrutiny of electronic trading and market structure from regulators, lawmakers and the financial news media.

MiFID II and MiFIR

The proposed measures as part of the review of the Markets in Financial Instruments Directive ("**MiFID**"), including the revised Markets in Financial Instruments Directive ("**MiFID II**") and the Markets in Financial Instruments Regulation ("**MiFIR**" and together with MiFID II and related technical standards and other implementing legislation, the "**MiFID II legislation**"), were adopted by the European Parliament on 15 April 2014 and by the Council of the European Union on 13 May 2014, and entered into force on 2 July 2014. The MiFID II legislation, which includes many changes likely to affect our business, must take effect in the member states of the European Union by 3 January 2017.

The MiFID II legislation establishes a series of requirements for investment firms that use algorithmic trading and for trading venues where algorithmic trading or high frequency algorithmic trading takes place, including requirements pertaining to governance, compliance and risk management, testing of algorithms and infrastructure, periodical validation of systems, change management, monitoring for disorderly trading, business continuity, pre-trade controls and IT security.

The MiFID II legislation provides for the introduction of a de facto market-making obligation on certain firms like us who are engaged in algorithmic trading strategies by requiring them to post continuous orders during a specified period of a trading day, except under exceptional circumstances, thereby requiring such firms to post firm quotes and provide liquidity on a regular and predictable basis. We will likely need to enter into additional formal written agreements with trading venues to ensure we satisfy this obligation.

The MiFID II legislation also supplements current requirements with regard to investment firms' risk controls related to the safe operation of electronic systems. It will also impose additional requirements on market structure, such as the introduction of a harmonized tick size regime, the introduction of new organized trading facilities, new open access provisions, enhanced pre- and post-trade transparency requirements, market marking requirements and various other pre- and post-trade risk management requirements.

The MiFID II legislation has not yet been fully crystallized. Certain relevant technical standards and other implementing legislation are yet to be published and the interpretation by regulators is not always clear. The complexity and level of detail of the regulations, the interpretation thereof by regulators, trading venues, prime brokers and other parties and the interplay or inconsistency between regulations (whether within particular jurisdictions or across jurisdictions) make the implementation thereof resource intensive and a very significant challenge and could thereby have a currently unknown adverse impact on the way in which the Group operates. The possible interpretations of MiFID II legislation may also influence the Group indirectly. For instance, the legislation with regard to market making obligations or tick sizes may have an impact on liquidity and trading volumes in the market, e.g. by forcing certain parties out of the market place or by increasing order sizes within narrowed spreads, and could thereby have an adverse impact on the way in which the Group operates.

MAD II

In April 2014, the European Parliament adopted the proposals as part of the review of the Market Abuse Directive (the "**MAD**"), including the Market Abuse Regulation ("**MAR**") and the Directive on Criminal Sanctions for Market Abuse (Market Abuse Directive) ("**MAD II**" and together with MAR, the "**MAD II legislation**"). The MAD II legislation was published in the Official Journal in June 2014, entered into force on 2 July 2014 and must take effect in the member states of the European Union by 3 July 2016, by which date implementing measures by the European Commission concerning the MAR may also be expected. The requirements for algorithmic trading under the MiFID II legislation interact with those of the MAR and MAD where the definition of market manipulation will expressly refer to certain algorithmic or high frequency trading strategies.

The MAR expands the scope of the market abuse regulatory regime to cover different trading systems, financial instruments and technological developments, notably algorithmic trading and high frequency trading, in which we are engaged. The MAR addresses the interaction between spot markets and derivative markets, including commodity markets, and addresses potential sources of abuse and manipulation between them, including through provisions allowing member states to introduce criminal sanctions for market abuse offenses. These changes could lead to increased regulation and operational and compliance requirements for us.

The implementation of the MAD II legislation is challenging, especially in an automated trading environment. For instance, the monitoring of transactions, to detect possible violations of the MAD II legislation and report suspicious behavior to regulators, is more difficult to implement in an automated trading environment. The market abuse prohibitions and especially the indicators of manipulative behavior (as set out in the MAR) are not well-defined, difficult to test, and may not in all circumstances be workable in automated trading environments. The interpretation of relevant regulations by regulators may result in significant compliance burdens or result in regulatory liability of the Company. Also, the EU regulators' stance in respect of conflicting requirements in other jurisdictions (especially in the United States) is not clear.

Furthermore, the MAD provides for an optional mechanism for competent authorities to accept certain market practices, which essentially means that those practices benefit from an exemption from what might otherwise constitute market abuse. Entering into liquidity contracts (i.e. a contract between an issuer and a financial institution in which the institution uses funds provided to it by the issuer to trade in the issuers' shares to maintain liquidity) is currently an accepted market practice in some European

countries, provided that such contracts are usually subject to clear frameworks limiting their scope to the exact objectives of the liquidity contract. The MAR has largely followed the current accepted market practice regime, but the wording suggests that the criteria for assessing whether certain market practices are acceptable or not have been tightened. ESMA will issue draft technical standards to specify the exact criteria, following which such standards would be adopted by the European Commission. While we do not enter into liquidity contracts as part of our business, in the case that liquidity contracts are no longer deemed to be accepted market practices by the competent authorities as a result of the potentially more stringent assessment criteria elaborated by ESMA and the European Commission in technical standards, this could materially affect markets through loss of liquidity provider agreements and reduced liquidity. As it is unclear whether liquidity contracts would be treated as an acceptable market practice, it is not possible to predict if any such loss will arise or to quantify the impact on our markets.

Forthcoming Regulation of CSDs and Settlement

In July 2014, the Council of the European Union adopted the regulation to harmonize securities settlement and regulate central securities depositories ("**CSD Regulation**"). The CSD Regulation, which entered into force on 17 September 2014, harmonizes requirements for the settlement of financial instruments and rules on the organization and conduct of central securities depositories ("**CSDs**"). Together with EMIR and the MiFID II legislation, it forms a framework in which systemically important securities infrastructures (trading venues, CCPs, trade repositories and CSDs) are subject to common rules on a European level. Any mandatory 'buy-in' by market operators of trades that fail to settle may result in penalties which may have an adverse effect on the Company.

In addition, the European Central Bank ("**ECB**") has introduced a new proposal ("**T2S**") to provide a central settlement function for the euro area, with other European currencies invited to join. T2S is intended to offer the whole European market a centralized delivery-versus-payment settlement platform in central bank money and will be operated by the Eurosystem on a cost-recovery basis. On 2 February 2015, the Eurosystem confirmed that the production environment of T2S is now ready. According to the ECB, this means that the technical infrastructure on which T2S runs and the organizational structures are prepared for the migration of the first wave of CSDs and central banks, which will be completed with the go-live of the T2S platform on 22 June 2015. The European Commission is separately considering the proposal of comprehensive securities law legislation across the EU, which would harmonize various aspects of securities laws and partly overlap with the CSD Regulation and T2S initiatives. These proposals will continue to be developed and considered over the course of 2015 and beyond. There may be a disconnection between the T2S settlement function and settlement cycles in other jurisdictions (especially outside the EU) for instruments that underlie financial instruments traded in the euro area.

Regulation of complex products

Packaged retail and insurance-based investment products ("**PRIIPS**") are investment products offered to retail clients in 'packaged' form, which are exposed to investment risks irrespective of whether the products in question are securities, insurance or banking-based. Investors do not invest directly in the underlying investment products; instead, the provider of the investment product combines, includes or groups together different assets in the packaged product. Such packaged products can be complex for investors to understand. Those selling these products can also face conflicts of interest since they are often remunerated by the product manufacturers rather than directly by the retail investors. A complex patchwork of regulation has developed to address these risks, and inconsistencies and gaps in the patchwork have raised concerns as to the overall effectiveness of the regulatory regime, both in relation to its capacity to protect investors and its ability to ensure the markets work efficiently. These concerns have been further heightened by the impact of the financial crisis.

Regulation 1286/2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPS Regulation**") requires a key information document ("**KID**") to be provided when offering PRIIPS to certain clients. This document must include information on the features, risks and costs. The PRIIPS regulation covers, among other products, insurance-based investment products, structured investment products and investment funds (including ETPs). The PRIIPS regulation entered into force on 29 December 2014 and it will apply directly in all Member States from 31 December 2016.

Furthermore, amendments to the UCITS Directive (2009/65/EC) effected through Directive 2014/91/EU (UCITS V, which is to be implemented in EU member states by March 2016) focus on areas like (i) clarification of the UCITS depositary's functions and improvements to provisions governing their

liability, should assets be lost in custody; and (ii) the introduction of rules on remuneration policies that must be applied to key members of the UCITS managerial staff. There are various requirements on how certain details of a firm's remuneration policy should be disclosed in a UCITS prospectus, annual report and key investor information document.

Although our business does not fall directly into the scope of such regulations, increased transparency requirements for complex retail structured products, ETPs and UCITS investment funds may impact the volume of the issuance of such products and the trading of any securities linked to such products, as well as the trading of ETPs or UCITS. This could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Dutch Remuneration Act

The Dutch Act on the Remuneration Policies of Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen*, the "**Remuneration Act**") became effective on 7 February 2015. The Remuneration Act in principle applies to the Company and its group companies. The Remuneration Act covers, amongst other things, the following topics: (a) the obligation for a financial undertaking to (i) have sound remuneration policies in place; and (ii) in certain situations, publish the descriptions thereof; (b) a bonus cap of 20% of fixed remuneration (subject to a limited number of exceptions); (c) a ban on guaranteed variable remuneration; (d) a cap (and under certain circumstances a ban) on severance payments; (e) rules regarding claw back and adjustment of variable remuneration; and (f) a ban on variable remuneration in case of state assistance. The Dutch legislator has exempted the following financial undertakings (and, in certain circumstances, their group companies) from the bonus cap: (a) alternative investment fund managers; (b) managers of UCITS; and (c) investment firms which solely deal for their own account with their own capital, which do not have external clients and which qualify as a local firm (*plaatselijke onderneming*). The Company and its group companies rely on the exemption referred to under (c).

The Remuneration Act implements the equivalent remuneration requirements contained in the EU Capital Requirements Directive (2013/36/EU, and together with the Capital Requirements Regulation, "**CRD IV**"), save that the Remuneration Act includes a stricter bonus cap of 20% for all staff of all financial undertakings, based in the Netherlands, whereas CRD IV contains a 100% bonus cap applicable to a specific category of employees of EU-based banks and investment firms, so called identified staff (which may under circumstances be raised to 200%).

On 4 March 2015 the EBA published a Consultation Paper holding draft guidelines on sound remuneration policies under CRD IV. The consultation period ended on 4 June 2015 and will likely result in new final guidelines on sound remuneration policies under CRD IV. We currently cannot assess in full what the exact implementation or impact of such guidelines, and possible impact on the Remuneration Act, will be. The Consultation Paper may result in an amendment to the Remuneration Act, which may have a significant impact on the remuneration policy of the Company and its group companies and our ability to attract and retain talent. In particular, it is not certain that the Company and its group companies may in the future continue to rely on the current exemption noted above.

Proposals in the United States

In the United States, both the SEC and the CFTC have issued general concept releases on market structure which have requested comments from market participants on topics including, among others, high frequency trading, co-location, dark liquidity, pre- and post-trade risk controls, and system safeguards. The SEC has adopted rules that, among other results, have significantly limited the use of sponsored access by market participants to the U.S. equities exchanges, imposed large trader reporting requirements, restricted short sales in listed securities under certain conditions and required the planning and creation of a new comprehensive consolidated audit trail. The SEC has also approved by order a proposal adopted by FINRA establishing a "Limit Up-Limit Down" mechanism to address market volatility. Market participants and government officials and regulators have also requested that the U.S. Congress and the SEC consider, propose and/or adopt additional laws and rules, including rules relating to restrictions on co-location, order-to-execution ratios, minimum quote life for orders, anti-disruptive trading, incremental messaging fees to be imposed by exchanges for excessive order placements or cancellations, further transaction taxes, tick sizes, tiered market access fees instead of the current maker-taker fee structure and other market structure proposals.

These proposals and any others that may be introduced could cause a change in the manner in which we trade, impose additional costs and expenses on our business, divert resources and management attention or otherwise have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. For example, the SEC recently adopted Regulation SCI. Regulation SCI requires market centers to have comprehensive policies and procedures in place so they can take corrective action when systems issues occur; provide notifications and reports to the SEC regarding systems problems and changes; inform members and participants about systems issues; conduct business continuity testing; and conduct annual reviews of their automated systems. Compliance with Regulation SCI may require some market centers to make significant investments in their compliance and technological infrastructures. Costs related to these infrastructure improvements may be passed on to end users including to us and our prime brokers. The SEC staff is also considering the extension of requirements to other major market participants whose operations could have a significant market impact if they are disrupted.

The SEC has also required SROs to propose a plan for, and will require SROs to implement, consolidated audit trail and central data repository systems. The SEC and SROs will use these systems to track securities trading activity throughout the United States and across U.S. securities markets. The SROs have not explained how the consolidated audit trail and central data repository will be funded in any detail. Funding their development and operation may impose significant direct or indirect cost burdens on market centers, us, and other market participants, including our prime brokers. Additional costs are likely to be incurred by market participants as they transition from existing trade reporting systems to the new consolidated audit trail.

The SEC has also required SROs to propose a pilot program to increase the minimum trading increment, or "tick size," for certain securities. The proposed pilot program would include a "trade at" component, requiring that certain of these transactions occur only on an exchange. While rules shifting trade volume from off-exchange to on-exchange transactions aids price discovery under our business model, adoption of the proposed rule without a reduction in the fees paid to access liquidity on exchanges may increase our costs for certain transactions.

SEC staff members have also suggested the need for additional regulatory oversight of and transparency into ETPs; which they have characterized as increasingly complex products with an increased market share including among retail investors, and the potential to create systemic risks due to their reliance on an interconnected web of participants and their potential ability to amplify volatility in underlying securities. Increased regulation of ETPs in the United States could have a direct impact on our business and its profitability because we specialize in trading ETPs and their underlying instruments.

Furthermore, the Dodd-Frank Act was enacted in the United States on July 21, 2010. Implementation of the Dodd-Frank Act continues today and will be accomplished through continued rulemaking by the SEC and other governmental agencies, including the CFTC. The Dodd-Frank Act includes the "Volcker Rule" which significantly limits the ability of banks to engage in proprietary trading. This limitation inhibits the ability of certain competitors to pursue business models similar to ours. However, the elimination or relaxation of the Volcker Rule's restrictions could lessen this advantage. In addition, Title VII of the Dodd-Frank Act regulates the market for certain OTC derivatives, known as swaps and security-based swaps, and the participants in those markets, including requiring registration, clearing, and exchange trading, capital and margin, adherence to business conduct standards, reporting and recordkeeping.

Noncompliance with applicable laws and regulatory requirements could adversely affect our reputation, profitability and prospects.

Actual or alleged noncompliance with applicable laws and regulations (including differences in interpretation or lack of timely implementation of legal and regulatory requirements) could result in sanctions being levied against us, including fines, penalties, disgorgement and censures, suspension or expulsion from exchanges and trading venues, or the revocation or limitation of licenses. This could negatively affect the manner in which we conduct business, our reputation, profitability and prospects. In extreme cases, such noncompliance could ultimately require an entity's liquidation. Our ability to comply with the complex and changing laws and rules to which we are subject is largely dependent on our establishment and maintenance of risk, compliance, audit and reporting systems, as well as our ability to attract and retain qualified legal, compliance and risk management personnel. Our policies and procedures to identify, monitor and manage our risks may not be effective and we may not be successful in monitoring or evaluating the risks to which we are or may be exposed.

We have been, are currently and may in the future be, the subject of one or more regulatory, trading venue or SRO enforcement actions, including targeted and routine regulatory inquiries, audits and investigations. We and other trading firms have also been the subject of frequent requests for information and documents from various regulators, SROs and trading venues. Such actions, inquiries and requests, which are likely to increase in the future, impose significant costs and burdens on our resources, and we cannot predict their outcome or materiality. Our business and reputation could be negatively impacted if, as a result of such an action, a regulatory body, SRO or trading venue were to determine that disciplinary or other enforcement actions against us were required. For example, our U.S. subsidiary, Flow Traders U.S. LLC, is subject to regular broker-dealer examinations by, inter alia, the SEC. In connection with the SEC's first such examination last year, the SEC staff raised certain issues over the last months, including asserted deficiencies and weaknesses, regarding the manner in which Flow Traders calculated its net capital requirements with respect to certain transactions, the time at which it recorded certain transactions in its books and records, and the manner in which it implemented certain pre-trade risk controls. While we disagree with these assertions, we have nevertheless made relevant changes (and will implement final changes to our infrastructure in due course) in order to address all material findings raised by the SEC. We do not believe that the implementation set out above will have a material impact on our business. Should the SEC nevertheless deem the manner in which we addressed such issues in the past or will address their issues going forward deficient, we could be subject to adverse regulatory action, including the imposition of fines. It is not clear at this point whether the SEC will seek to impose fines or other sanctions on us with respect to the matters raised by it. To continue to operate and to expand our activities, we will have to comply with the regulatory provisions of each jurisdiction and market in which we conduct or intend to conduct business, the requirements of which may not be clearly defined or uniformly interpreted. The varying compliance requirements of these different regulatory jurisdictions could present an opportunity loss or limit our ability to continue existing operations and further expand them, or otherwise materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

We are subject to risks relating to enforcement actions, litigation and other potential securities law liabilities.

We are exposed to substantial risks of liability under securities laws and other laws and court decisions, as well as rules and regulations promulgated by regulators, trading venues and SROs around the world. These risks may be increased by recent attention to electronic trading and market structure by regulators, lawmakers and the media. The international nature and scale of our operations could also increase the risk of U.S. state, federal, SRO, and similar regulators or trading venues pursuing investigations or actions against us on novel issues or for activity occurring outside their respective jurisdictions. We could also face potential liability from disputes over the terms of a trade or from claims that a system or operational failure or delay caused monetary losses to a trading counterparty, as well as potential liability from claims that we engaged in an unauthorized transaction. We are subject to the risk of litigation and our affiliates may be named in legal actions, regulatory investigations and proceedings, arbitrations and administrative claims and be subject to claims alleging the violations of laws, rules and regulations, some of which may ultimately result in the payment of fines, awards, judgments and settlements. We could incur significant legal expenses in addressing or internally investigating matters relating to inquiries and investigations, and defending and resolving lawsuits or claims even if we believe them to be meritless. An adverse resolution of any future lawsuits or claims against us could result in a negative perception of us and cause the market price of the Offer Shares to decline or otherwise have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may face competitive disadvantages if we do not receive necessary or timely regulatory approvals for new business initiatives.

Our regulatory status and interpretation of applicable rules determine the extent of our business activities. Our business initiatives and changes to our operations and organizational documents generally require various approvals from the applicable authorities in each of the markets in which we operate. In relation to such approvals, we may be required to file applications and notices, as well as conduct assessments and tests. We may from time to time seek to engage in new business activities, some of which may require us to implement regulatory requirements. Any delay or denial of a requested approval or implementation of regulatory requirements could cause us to lose business opportunities, harm our ability to integrate our different markets or impede our ability to change our governance practices, trading systems or infrastructure. Our competitive position could be significantly weakened if our competitors are able to obtain regulatory approval for new functionalities or implement regulatory requirements faster, or with

less cost or difficulty, than we are, or if approval or implementation is not required for our competitors but is required for us. Such circumstances could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Rules governing our markets and business may require us to make unprofitable trades or prevent us from making profitable trades.

Providing liquidity pursuant to market making agreements or similar arrangements entails certain rights and obligations to provide liquidity in a particular security, including maintaining a minimum time of presence in markets, maximum spread and minimum size. We provide liquidity on such basis at various trading venues, including the Deutsche Börse, LSE Group, NASDAQ OMX, NYSE Arca, Euronext Amsterdam, SIX Swiss Exchange and Vienna Stock Exchange. In this role, we may at times be required to make trades that negatively impact our profitability. In addition, we may at times be unable to trade for our own account in circumstances in which it may be to our advantage to trade, and we may be obligated to act as a principal when buying and selling demand from third parties is unbalanced. In those instances, we may take a position counter to the market, buying or selling securities, as the case may be, to support an orderly market. Additionally, regulations (including MiFID II) and the rules of the markets that govern our activities as a liquidity provider and the interpretations of such rules are subject to change. If these rules or interpretations impose new or more stringent obligations on us, our net trading income and profits could be adversely affected and we could suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Proposed legislation in the European Union, the United States and other jurisdictions could impose taxes on certain financial transactions.

The proposed taxes on certain financial transactions could have a material adverse effect on our business and financial results.

In February 2013, the Council of the European Union adopted a decision authorizing 11 member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) to proceed with the introduction of a financial transaction tax ("FTT"). The European Commission published two versions of legislative proposals for the FTT (in September 2011 and February 2013), however, neither the precise scope nor the implementation date of the FTT have been finalized, and the FTT may be subject to, among other matters, further negotiation and potential legal challenge. During the May 2014 Economic and Financial Affairs Council ("ECOFIN") meeting, the ministers of the FTT participating countries (except for Slovenia which did not participate) released a statement which stated that they have come to a political commitment with regard to the FTT around four principles: (i) implementation of the FTT on a step-by-step basis focusing first on shares and certain derivatives; (ii) FTT design finalization by the end of 2014; (iii) implementation of the first step of the FTT by 1 January 2016 at the latest; and (iv) the option of individual FTT participating countries to include a wider range of products within the FTT's scope (in order not to change the scope of existing taxes).

It is unclear which aspects of the draft FTT legislation will be implemented. The 2013 European Commission proposal envisioned tax which would broadly apply to transactions in financial instruments, including equities, bonds, derivatives and foreign currency, to which a financial institution (which would include banks, insurance companies, leasing companies, mutual funds and pension funds) is a party if one or more of the parties is established in a participating member state. The proposals contemplate each FTT participating country will set its rate of FTT, with minimum rates being 0.1%, except for transactions relating to derivatives contracts, which would have a minimum rate of 0.01%. Joint statements issued by participating member states indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating member states and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

These proposed transaction taxes would apply to certain aspects of our business as currently conducted and transactions in which we are currently involved. Any such tax would increase our cost of doing business to the extent that (i) the tax is regularly applicable to transactions in the markets in which we operate, (ii) the tax does not include exceptions for market makers or market making activities or (iii) we are unable to widen our margins in the markets in which such a tax would be applicable to compensate for its imposition. Furthermore, the proposed taxes may reduce or negatively impact trading volume on which we are dependent for net trading income. While it is difficult to assess the impact the proposed FTT could have on us, if a transaction tax or any similar tax is implemented in any other jurisdiction in

which we operate, our business and financial results could suffer a material adverse effect and could be impacted to a greater degree than other market participants not subject to FTT.

The FTT could negatively affect investors in the Shares.

The European Commission's FTT proposal has a very broad scope and could, if introduced, apply to certain dealings in the Shares (including secondary market transactions) in certain circumstances. The issuance of Shares should, however, be exempt. Under the European Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply to certain dealings in the Shares where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the dealings is issued in a participating member state. Prospective investors in the Shares are advised to seek their own professional advice in relation to the FTT.

We could be exposed to adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations and we cannot be certain of continued benefit from certain favorable tax regimes.

The tax laws and regulations in the jurisdictions in which we operate may be subject to change and there may be changes in interpretation and enforcement of tax law, including with retroactive effect. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in a manner adverse to us. We regularly assess the likelihood of such outcomes and have established tax allowances that represent management's best estimate of the potential assessments. The resolution of any of these tax matters are not reflected in our Consolidated Financial Statements (as defined herein) and, as a result, could have a material adverse effect on our financial condition, results of operations and cash flows.

We have in the past benefited and currently benefit from favorable tax status with respect to some of our activities. For example, in the Netherlands, we have opted to benefit from lower effective tax rates under the so-called Innovation Box regime. In the context of recent G20 talks over how to prevent corporate profit shifting, certain countries have expressed criticism of tax policies such as the Innovation Box regime and called for a review of whether the EU should allow such policies. Critics suggest that the policies could have detrimental effects on other countries and could be seen as sanctioning tax avoidance. In light of this, we cannot be certain that we will continue to benefit from this or other favorable tax treatments. If we are not able to do so, our effective tax rate and tax expense would increase, which would lower our profit.

We may be classified as a passive foreign investment company for U.S. federal income tax purposes.

Based upon an analysis of our current assets and income and the manner in which we operate our business, we do not expect to be treated as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes for the preceding taxable year, the current taxable year or in the foreseeable future, provided that the current PFIC tax rules do not change. However, since it is not entirely clear whether the PFIC rules apply for liquidity providers, and therefore to our Company, it is possible that the U.S. internal revenue service ("IRS") could take the position, and that a court might agree, that some or all of the income or assets that we treat as active for purposes of the PFIC test are passive under the PFIC rules, which could result in materially adverse consequences, including additional tax liability and tax filing obligations, for a U.S. investor relative to an investment in a company that is not a PFIC. See "Taxation—U.S. Tax Considerations—Passive Foreign Investment Companies".

Risks Related to the Offering and the Shares

There is no existing market for the Shares prior to the Offering and there can be no assurance that an active and liquid market in the Shares will develop.

Prior to the Offering, there has not been a public market for the Shares. If an active trading market does not develop, you may have difficulty selling any of the Offer Shares that you buy. We cannot predict the extent to which investor interest in the Shares will lead to the development of an active trading market or how liquid that market might become. The Offer Price will be determined by negotiations among us, the

Selling Shareholders and the Joint Global Coordinators based on a number of factors, including market conditions at the time of the Offering, and may not be indicative of the price at which the Shares will trade following completion of the Offering. The market price of the Shares could be subject to significant fluctuation. An illiquid market for the Shares may result in lower trading prices and increased volatility, which could adversely affect the value of your investment, may cause the Shares to trade at a discount to the Offer Price and may make it difficult for holders of Shares (the "**Shareholders**") to sell the Shares at or above the price paid for them or at all.

The market price of the Shares may fluctuate significantly and you could lose all or part of your investment.

The market price of the Shares may be influenced by many factors, some of which are beyond our control and could result in significant fluctuations, including (i) the failure of financial analysts to cover the Shares after the Offering, changes in financial estimates by analysts or any failure by us to meet or exceed any of these estimates; (ii) actual or anticipated variations in our operating results; (iii) announcements by us or our competitors of significant newly acquired businesses or operations; (iv) the recruitment or departure of key personnel; (v) regulatory and litigation developments; (vi) developments in our business environment; (vii) future sales of the Shares; and (viii) investor perceptions of us and the business environment in which we operate.

In addition, the stock market in general has experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and business environment factors may have a material adverse effect on the market price of the Shares, regardless of our operating performance.

Our ability to pay dividends may be constrained as the Company is a holding company and depends on its subsidiaries for dividends, distributions and other payments.

Our ability to pay dividends on the Shares is subject to Dutch law and dependent on our dividend policy. See "*Dividends and Dividend Policy*". The Company is a holding company with no material, direct business operations. Its principal assets are its direct and indirect ownership of its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends.

The actual payment of future dividends by us and the payment of dividends to us by our subsidiaries, if any, and the amounts thereof, will depend on a number of factors, including but not limited to the amount of distributable profits and reserves, investment plans, earnings, level of profitability, regulatory requirements (including minimum capital requirements) and such other factors as the management board of the Company (the "**Management Board**" and each member a "**Managing Director**") and supervisory board of the Company (the "**Supervisory Board**" and each member a "**Supervisory Director**") may deem relevant from time to time. As a result, our ability to pay dividends in the future may be limited. If dividends are not paid in the future, capital appreciation, if any, of the Shares would be the sole source of gains for our Shareholders.

In addition, given the regulated nature of some of our subsidiaries, there are further limitations on the payment of dividends and other distributions to the Company by the Company's subsidiaries. For our U.S. trading entity, Flow Traders U.S. LLC, SEC Net Capital Rule (Rule 15c3-1) requires the maintenance of specified levels of net capital and FINRA Rule 4110 generally requires prior FINRA approval for certain distributions of a registered broker-dealer subsidiary FINRA member in excess of 10% of excess net capital. In respect of the Company and our Dutch trading subsidiary, the Dutch Central Bank requires the maintenance of minimum capital which is deemed to be satisfied if it is at least equal to the "haircut" calculated by our prime brokers.

Finally, our prime brokers require our trading subsidiaries to post a certain minimum amount of capital. Prime brokers use different internal systems to calculate required capital amounts (e.g., the internal haircut model and the margin based approach) and have different limits on excess capital, pre-funding possibilities and cut-off times for wiring capital.

Meeting such regulatory capital requirements or meeting the requirements of our prime brokers may limit the ability of our trading subsidiaries or the Company to make dividend payments. If the Company, or the Company's subsidiaries are unable to make dividend payments or distributions and sufficient cash or

liquidity is not otherwise available, the Company may not be able pay dividends, which could have a material adverse effect on the market price of the Shares.

Upon completion of the Offering, certain Selling Shareholders will retain substantial influence over the Company, and their interests may be inconsistent with those of our other Shareholders.

Immediately after Settlement, Javak Avalon and Summit Partners will hold, in aggregate, approximately 37.6% of the Shares (assuming full placement of the Offer Shares and full exercise of the Over-allotment Option) of which Summit Partners will hold approximately 9% of the Shares, Avalon will hold approximately 14.3% of the Shares, Javak will hold approximately 14.3% of the Shares and the Foundation will not hold any of the Shares. As a result, Summit Partners, Avalon and Javak will continue to be able to influence or control matters requiring approval by the general meeting of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders (the "**General Meeting**") and may vote their Shares in a way with which other Shareholders do not agree.

Furthermore, certain important business and strategy related resolutions of the Management Board require prior approval of the Supervisory Board or the Shareholders at the General Meeting. In addition Summit Partners, Avalon, Javak and we have entered into a relationship agreement (see "*Major Shareholders and Related Party Transactions—Related Party Transactions-Relationship Agreement*") pursuant to which Summit Partners, Avalon and Javak have certain rights such as the right to designate for nomination, and propose replacements for, a certain number of Supervisory Board positions. Initially, Summit Partners, Avalon and Javak will collectively be in a position to designate for nomination three out of the six Supervisory Board positions. For more information, see "*Major Shareholders and Related Party Transactions—Relationship Agreement*".

In addition, Summit Partners, Avalon and Javak have informed the Company that they have entered into a shareholders' agreement dated 29 June 2015 in respect of their direct and indirect shareholdings in the Company (the "**Shareholders Agreement**"). Under the Shareholders Agreement, Summit Partners, Avalon and Javak have agreed 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 defined herein). Furthermore, they have reserved the right to consult with each other and coordinate the exercise of their voting rights attached to their respective Shares. For more information, see "*Major Shareholders and Related Party Transactions—Related Party Transactions—Shareholders Agreement*".

Therefore, in combination with their large shareholdings Summit Partners, Avalon and Javak will be in a position to exert substantial influence on the General Meeting, and, consequently, on matters decided by the General Meeting, including the appointment and dismissal of members of the Management Board or the Supervisory Board, the distribution of dividends, the amendment of the Company's articles of association as they will read immediately after Conversion (the "**Articles of Association**") or any proposed capital increase. These Shareholders' interest would enable them to block certain corporate measures that require the approval of the General Meeting. Furthermore, this concentration of ownership could adversely affect the trading volume and market price of the Shares and there is no indication as to whether or not, when or to what extent the Selling Shareholders will sell any of their remaining Shares.

In any of the above instances, the interests of such Selling Shareholders could deviate from the interests of the other Shareholders. As the major Shareholders, Summit Partners, Avalon and Javak may delay, postpone or prevent transactions that might be advantageous for investors. Furthermore the concentration of ownership could adversely affect the trading volume and market price of the Shares.

Future issuances or sales of substantial numbers of Shares or securities convertible into Shares, or the perception that these issuances or sales may occur, may adversely affect the market price of the Shares and may dilute investors' shareholdings.

The market price of the Shares may decline due to future sales of substantial numbers of the Shares, or the perception that these sales may occur. This could also impair our ability to raise additional capital through the sale of equity securities. Except as indicated under "*Selling and Transfer Restrictions*", all of the Offer Shares sold in the Offering will be freely transferable without restriction or further registration.

Although we and the Selling Shareholders are expected to agree with the Underwriters, pursuant to the underwriting agreement expected to be dated 9 July 2015 among the Company, the Selling Shareholders

and the Underwriters (the "**Underwriting Agreement**") or pursuant to other arrangements, to restrictions on their and the Managing Directors' and certain of our employees' ability to sell or transfer Shares for 180 or 365 days as the case may be, after the Settlement Date, the Joint Global Coordinators may, in their sole discretion and at any time, waive such restrictions on sales or transfers. Additionally, following the relevant lock-up period, (i) all Shares owned by the Selling Shareholders will be eligible for sale or other transfer, subject to applicable securities laws restrictions, and (ii) all Shares owned by the EPP and 2015 EEP participants (excluding Javak and Avalon) will become eligible for sale or other transfer in three equal tranches over three years as of the end of the lock-up period. For more information, see "*Plan of Distribution—Lock-up Arrangements*."

Prior to Settlement and on the Settlement Date, the Management Board is expected to have the authority to, subject to the approval of the Supervisory Board, issue Shares or rights to subscribe for Shares in the capital of the Company for a period of 18 months following the Conversion and to limit or exclude the pre-emptive rights pertaining thereto. Pursuant to this designation, the Management Board may resolve, subject to the approval of the Supervisory Board, to issue Shares or grant rights to subscribe for Shares up to a maximum of 10% of the number of Shares issued as of the Settlement Date and to limit or exclude pre-emptive rights in relation thereto.

We may issue Shares or other securities from time to time as consideration for, or to finance, future acquisitions or investments or for other capital needs. We may also issue Shares or other securities from time to time for the purpose of implementing employee shareholding or management incentive programs or as a form of compensation. Shares issued in these programs may be offered for free or at a discount. We cannot predict the size of future issuances of the Shares or the effect, if any, that future sales or issuances of Shares would have on the market price of the Shares. If any such program, acquisition, investment or capital need is significant, the number of Shares or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial and may result in dilution to our Shareholders.

Payments on the Shares may be subject to U.S. withholding tax under FATCA.

The United States has enacted rules, commonly referred to as "**FATCA**" that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into a Model 1 intergovernmental agreement regarding the implementation of FATCA with the Netherlands (the "**Model 1 IGA**"). Under the Model 1 IGA, as currently drafted, we do not expect payments made on or with respect to the Shares to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Shares in the future. Prospective investors should consult their own tax advisers regarding the potential impact of FATCA.

The holding and acquisition of the Shares may require notifications to and approvals from competent authorities, which could impede our future efforts to raise additional capital, discourage takeover attempts and impair the market value of the Shares.

As certain of our subsidiaries are regulated, we are subject to certain regulations regarding changes in ownership or control and material changes in operations. For example, FINRA's NASD Rule 1017 generally provides that FINRA approval must be obtained in connection with certain change of ownership or control transactions, such as a transaction that results in a single entity or person owning 25% or more of the Company's equity. We may be subject to similar restrictions in other jurisdictions in which we operate. For example, pursuant to the Dutch Financial Supervision Act, a declaration of no-objection by DNB is required for any holding, acquisition or increase of a direct or indirect interest of 10% or more of the Company's outstanding capital or voting rights. Failure to obtain a declaration of no-objection is an economic offence and could lead to criminal prosecution. In addition, such failure could lead to a cancellation of the relevant transaction in the Shares and in certain circumstances could result in the annulment of resolutions that have been passed in a General Meeting. DNB has the power to make any declaration of no-objection subject to restrictions and requirements, including in respect of such matters as corporate governance, restructurings, mergers and acquisitions, financing and distributions. See also "*Regulation—Ownership limitations and additional notification and approval requirements*". As a result of these regulations, our future efforts to raise additional capital may be delayed or prohibited.

Furthermore, such regulations could discourage a takeover attempt and so impair the ability of our Shareholders to benefit from a change in control and realize any potential change of control premium. This may adversely affect the market price of the Shares.

Our Articles of Association and Dutch law contain certain limitations on our Shareholders' rights.

In addition to the legal restrictions that could prevent or discourage takeover attempts as described above under "*Risk Factors—Risks related to the Offering and the Shares—The holding and acquisition of the Shares may require notifications to and approvals from competent authorities, which could impede our future efforts to raise additional capital, discourage takeover attempts and impair the market value of the Shares*", certain provisions of our Articles of Association and Dutch law contain limitations on our Shareholders' rights.

Provisions of our Articles of Association and the laws of the Netherlands could make it difficult for our Shareholders to change, or prevent our Shareholders from changing the composition of the Management Board and Supervisory Board. More specifically, our Articles of Association provide that members of the Management Board and the Supervisory Board can be appointed only by the General Meeting. In relation to a removal of a member of the Supervisory Board or Management Board, other than pursuant to a resolution proposed by the Supervisory Board, such a resolution of the General Meeting would require an absolute majority of the votes cast representing more than 50% of the Company's issued share capital. In addition, the same provisions may discourage, delay or prevent a merger, consolidation or acquisition. Our Articles of Association impose various procedural and other requirements, which could make it difficult for Shareholders to effect certain corporate actions. These provisions could substantially impede the ability of our Shareholders to benefit from a change in control and, as a result, may materially adversely affect the market price of the Shares.

It is expected that the General Meeting will designate the Management Board, for a period that ends 18 months following the Conversion, as the corporate body authorized to, subject to approval of the Supervisory Board, issue Shares or grant rights to subscribe for Shares and to restrict or exclude pre-emptive rights in respect thereof. Pursuant to this designation, the Management Board may, subject to approval of the Supervisory Board, resolve to issue Shares or grant rights to subscribe for Shares (i) up to a maximum of 10% of the total number of Shares issued and outstanding on the Settlement Date plus (ii) an additional 10% of the total number of Shares issued and outstanding on the Settlement Date in connection with or on the occasion of mergers and acquisitions and strategic alliances. Such authorization may from time to time be extended by a resolution of the General Meeting. See also "*Description of Share Capital and Corporate Governance—Issue of Shares*" and "*Description of Share Capital and Corporate Governance—Pre-emption Rights*". An issue of new Shares may make it more difficult for a Shareholder to obtain control over the General Meeting.

The ability of Shareholders to bring action or enforce judgments against us or members of the Management Board and Supervisory Board may be limited.

The ability of Shareholders to bring an action against us may be limited under law. Following the Conversion, we will be a public company with limited liability incorporated under the laws of the Netherlands. The rights of Shareholders are governed by Dutch law and by our Articles of Association. These rights differ from the rights of Shareholders in typical U.S. corporations and other non-Dutch corporations. It may be difficult for a Shareholder to prevail in a claim against us or to enforce liabilities predicated upon non-Dutch laws.

A Shareholder may not be able to enforce a judgment against the members of the Management Board or Supervisory Board. The members of the Management Board and Supervisory Board are residents of the Netherlands and the United Kingdom. Consequently, it may not be possible for a Shareholder to effect service of process upon members of the Management Board or Supervisory Board within such shareholder's country of residence, or to enforce against members of the Management Board or Supervisory Board judgments of courts of such Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgment in civil and commercial matters or any judgments against the members of the Management Board or Supervisory Board who are residents of countries other than those in which the judgment is made.

We are subject to, and generally comply with most but not all of the principles and best practice provisions of the Dutch Corporate Governance Code.

We are subject to the Dutch Corporate Governance Code, which applies to all companies whose registered offices are in the Netherlands and whose shares are listed on a stock exchange such as Euronext Amsterdam. The Dutch Corporate Governance Code contains principles and best practice provisions for management boards and supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors and disclosure, compliance and enforcement standards. The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual reports whether they comply with the provisions of the Dutch Corporate Governance Code and, if they do not comply with certain provisions, to give the reasons for such non-compliance. We generally comply with the provisions of the Dutch Corporate Governance Code. However, there are a limited number of provisions with which we do not comply, including best practice provision IV.1.1. Best practice provision IV.1.1. provides that the general meeting of shareholders of a company not having statutory two tier status (*structuurregime*) 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. According to the Dutch Corporate Governance 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 favour 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 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% of the Company's issued capital. In addition, the Articles of Association provide that if this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may not be convened in which the resolution may be passed regardless of the proportion of the capital represented at the meeting. This means that in order for such a resolution to pass, a new meeting should be convened in which more than 50% of the Company's issued capital is represented and an absolute majority of the votes are cast in favour of such resolution. Our deviation from the Dutch Corporate Governance Code in this respect makes it more difficult for our Shareholders to exercise influence over the composition of the Management Board and Supervisory Board than would have been the case if we would follow the Dutch Corporate Governance Code in this respect.

Holders of the Shares who are resident or located in certain jurisdictions outside the Netherlands, including the United States, may not be able to exercise pre-emptive rights in future offerings and, as a result, may experience dilution.

In the event of an increase in our share capital, Shareholders are generally entitled to pre-emptive rights unless these rights are restricted or excluded either by a resolution of the General Meeting at the proposal of the Management Board, with the approval of the Supervisory Board, or by a resolution of the Management Board with the approval of the Supervisory Board (if the Management Board has been designated at the General Meeting).

However, the securities laws of certain jurisdictions may restrict our ability to allow Shareholders to participate in offerings of our securities and to exercise pre-emptive rights. Accordingly, subject to certain exceptions, Shareholders with registered addresses, or who are resident or located in certain jurisdictions outside the Netherlands, including the United States, will not be eligible to exercise pre-emptive rights. As a result, such Shareholders may experience dilution of their ownership and voting interests in our share capital.

We will incur increased costs as a result of being a public company.

As a public company, we will incur a higher level of legal, accounting, financial compliance, reporting and other expenses than we did as a privately owned company as compliance with rules and regulations applicable to listed companies will require additional resources and make some activities more time-consuming than they have been in the past. In addition, these rules and regulations could make it more

difficult for us to attract and retain qualified persons to serve on the Management Board and Supervisory Board and may divert our management's attention.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, or publish projections that exceed our actual results, the price of the Shares and trading volume could decline.

The trading market for the Shares may be affected by the research and reports that securities or industry analysts publish about us or our business. If research analysts do not commence and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the Shares or publishes inaccurate or unfavorable research about our business, the market price for the Shares could decline. In addition, the analysts' projections may have little or no relationship to the results we actually achieve and could cause the price of the Shares to decline if we fail to meet the analysts' projections. If one or more analysts cease coverage of us or fails to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares to decline.

If Settlement does not occur, subscriptions for the Shares may be disregarded and transactions effected in the Shares will be annulled.

Application has been made for admission of the Shares to listing and trading on Euronext Amsterdam under the ticker symbol "FLOW". We expect that the Shares will first be admitted to listing and that trading in the Shares will commence on the First Trading Date on an "as-if-and-when-delivered" basis. The Settlement Date, on which Settlement is scheduled to occur, is expected to be on or about 14 July 2015, the second business day following the First Trading Date. Settlement may not take place if certain conditions are not satisfied or waived or if certain termination events occur on or prior to the Settlement Date.

Trading in the Shares before the Settlement Date will take place subject to the condition that, if Settlement does not occur, the Offering may be withdrawn, in which case all applications for the Shares will be disregarded, any allotments made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and transactions on Euronext Amsterdam will be annulled. All dealings in the Shares prior to settlement and delivery are at the sole risk of the parties concerned. The Company, the Selling Shareholders, the Underwriters, the Financial Adviser, the Listing and Paying Agent and Euronext do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions on Euronext Amsterdam.

IMPORTANT INFORMATION

General

Prospective investors are expressly advised that an investment in the Shares entails certain risks and that they should therefore read and carefully review the content of this Prospectus. A prospective investor should not invest in the Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on its overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Shares.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of us, the members of the Supervisory Board and the Management Board, the Selling Shareholders or any of the Underwriters, the Financial Adviser or any of their respective representatives that any recipient of this Prospectus should subscribe for or purchase any Offer Shares. Prior to making any decision whether to purchase the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarized within it. Each prospective investor should consult his or her own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Shares, to among other things consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares. In making an investment decision, prospective investors must rely on their own examination of us, the Shares and the terms of the Offering, including the merits and risks involved.

Prospective investors should rely only on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Section 5:23 of the Dutch Financial Supervision Act. We do not undertake to update this Prospectus, unless required pursuant to Section 5:23 of the Dutch Financial Supervision Act, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person has been authorized to give any information or to make any representations in connection with the Offering, other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of us, the members of the Management Board (for the avoidance of doubt, including the envisaged co-CEOs (after Conversion) Dennis Dijkstra and Sjoerd Rietberg (the "**Co-CEOs**") and the members of the management board of the Company prior to Conversion) or the Supervisory Board, the Selling Shareholders, the Listing and Paying Agent, any of the Underwriters, the Financial Adviser or any of their respective representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of any of the Underwriters, the Financial Adviser, the Listing and Paying Agent or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing contained in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Underwriters, the Financial Adviser, the Listing and Paying Agent or any of their respective affiliates as to the past, present or future. None of the Underwriters, the Listing and Paying Agent or the Financial Adviser accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Selling Shareholders, the Group, the Offering, or the Shares. Accordingly, the Underwriters, the Financial Adviser and the Listing and Paying Agent disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters has or might enter into a financing arrangement with us and/or any of the Selling Shareholders or any of their affiliates, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, purchase any Shares in any jurisdiction in which such offer or invitation would be unlawful. We, the Selling Shareholders, the Underwriters and the Financial Adviser require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. None of us, the Selling Shareholders, the Underwriters or the Financial Adviser accepts any legal responsibility for any violation by any person, whether or not a prospective investor of Offer Shares, of any such restrictions. We, the Selling Shareholders, the Underwriters and the Financial Adviser reserve the right in our own absolute discretion to reject any offer to purchase Offer Shares that we, the Selling Shareholders, the Underwriters, the Financial Adviser or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. The Company declares that, having taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Presentation of Financial Information

Certain financial information contained in this Prospectus has been derived without material adjustment from our Group's audited consolidated special purpose financial statements as of and for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 (the "**Special Purpose Financial Statements**") and our Group's unaudited condensed consolidated interim financial statements as of and for the three months ended 31 March 2015 and for the three months ended 31 March 2014 (the "**Interim Financial Statements**") and, together with the Special Purpose Financial Statements, the "**Consolidated Financial Statements**"). The Special Purpose Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("**IFRS**"). The Interim Financial Statements have not been audited and have been prepared in accordance with IAS 34 interim financial reporting.

Consequences of Conversion

The impact of the contemplated Conversion will have limited impact on the presented financial figures. The Conversion will not have an impact on the financial figures other than:

- on the presentation of equity in the consolidated statement of financial information where equity is currently presented as 'member accounts'. This will be transferred to 'shareholders equity' after the Conversion;
- on the comprehensive statement of changes in member capital accounts where the equity composition will be reflected as 'shareholders equity' instead of 'member accounts' after the Conversion; and
- that information on earnings per share will be published after the Conversion where it is not before, as the Company is a cooperative and does not have an issued share capital.

For other material consequences of the Conversion also see "*General Information - Material Contracts - Members Agreement*" and "*Management, Employees and Corporate Governance - Participation by the Co-CEOs and Other Employees of Our Group*".

Non-IFRS Financial Measures

This Prospectus presents certain measures relating to our financial results that are not measures defined by IFRS. We use these non-IFRS measures as supplemental measures since we believe they provide meaningful supplemental information regarding our financial and operational performance. These measures should not be used instead of, or considered as alternatives to operating result, profit for the period, cash generated from operating activities or any other performance measure derived in accordance with IFRS. We calculate these non-IFRS measures on the basis of certain assumptions made by us. These

non-IFRS measures are not prepared in accordance with IFRS and may be different from, and not comparable to, similarly titled measures reported by other companies. Investors should read them in conjunction with the Consolidated Financial Statements included in this Prospectus.

These non-IFRS financial measures are defined as follows:

- EBITDA is operating result before depreciation of property and equipment, amortization of intangible assets, write off of tangible and intangible assets and non-trading financial income and expenses;
- EBITDA margin is EBITDA as a percentage of net trading income;
- Free cash flow is cash generated from operating activities plus after tax interest expense on corporate debt (excluding interest paid to prime brokers) plus increase/ (decrease) in financial assets held for trading and trading receivables less (increase)/ decrease in financial liabilities held for trading and trading payables less net cash used in investing activities;
- Free cash flow conversion is free cash flow as a percentage of EBITDA;
- Pay-out ratio is dividends declared as a percentage of profit for the period; and
- Net liquidity is cash, the net of financial assets held for trading and financial liabilities held for trading and the net of trading receivables and trading payables.

For a reconciliation of EBITDA and EBITDA margin to each of their most comparable IFRS financial measures and a calculation of free cash flow conversion and the pay-out ratio, see "*Selected Financial and Operating Information*".

Market, Economic and Industry Data

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the estimates of our management, using underlying data from independent third parties. We have obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Where third-party information has been used in this document, the source of this information has been identified.

We confirm that all third-party information contained in this document has been accurately reproduced and, as far as we are aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The third party sources we have used generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of assumptions.

Exchange Rate Information

The exchange rates below are provided solely for information and convenience. The tables below show, for the periods indicated, the period end, average, high and low Bloomberg composite rate expressed as U.S. dollar per €1.00. The Bloomberg composite rate is a best market calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The average rate for a year means the average of the Bloomberg composite rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg composite rates during that month, or shorter period, as the case may be. The rates may differ from the actual rates used in the preparation of the financial information appearing in this Prospectus. No representation is made that Euros could have been, or could be, converted into U.S. dollars at any particular rate indicated or any other rate.

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
		<i>\$ per €1.00</i>		
Year				
2012	1.3192	1.2860	1.3458	1.2061
2013	1.3743	1.3285	1.3804	1.2780
2014	1.2098	1.3285	1.3932	1.2098
2015 (through 25 June)	1.1203	1.1167	1.2103	1.0497

	<u>Period end</u>	<u>Average rate</u>	<u>High</u>	<u>Low</u>
		<i>\$ per €1.00</i>		
Month				
January 2015	1.1289	1.1630	1.2103	1.1205
February 2015	1.1196	1.1354	1.1481	1.1196
March 2015	1.0731	1.0828	1.1184	1.0497
April 2015	1.1224	1.0818	1.1224	1.0567
May 2015	1.0986	1.1146	1.1451	1.0873
June (through 25 June)	1.1203	1.1243	1.1359	1.0972

On 25 June 2015, the Bloomberg composite rate between the U.S. dollar and the euro was \$1.1203 per €1.00.

Currency References

In this Prospectus, unless otherwise indicated: all references to the "EU" are to the European Union; all references to "euro" or "€" are to the lawful currency of the European Union; all references to the "United States" or the "U.S." are to the United States of America; all references to "U.S. dollars", "dollars" or "\$" are to the lawful currency of the United States; and all references to "Singapore dollars" or "S\$" are to the lawful currency of Singapore.

Rounding

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances (i) the sum or percentage change of such numbers may not conform exactly with the total figure given; (ii) the sum of the numbers in a column or a row in certain tables may not conform exactly with the total figure given for that column or row; and (iii) the corresponding percentage change of certain numbers that have been subject to rounding adjustments may be based on unrounded numbers.

Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the later of the end of the Offer Period and the start of trading of the Offer Shares on Euronext Amsterdam, a supplement to this Prospectus is required. Such a supplement will be subject to approval by the AFM in accordance with Section 5:23 of the Dutch Financial Supervision Act and will be made public in accordance with the relevant provisions under the Dutch Financial Supervision Act. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the Offer Shares before the supplement is published shall have the right, exercisable within two Business Days following the publication of a supplement, to withdraw their acceptances. Investors are not allowed to withdraw their acceptances in any other circumstances.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by us do not include the Pricing Statement.

Information Regarding Forward-looking Statements

This Prospectus 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 described under "*Risk Factors*".

The forward-looking statements contained in this Prospectus 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, 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, the Underwriters or the Financial Adviser 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.

Notice to Investors

EXCEPT AS OTHERWISE SET OUT IN THE PROSPECTUS, THE OFFERING DESCRIBED IN THE PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THE PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY OTHER JURISDICTIONS IN WHICH IT IS UNLAWFUL TO DO SO.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Shares may, in certain jurisdictions other than the Netherlands, including, but not limited to, the United States, be restricted by law. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorized or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

Neither we nor the members of the Management Board (for the avoidance of doubt, including the Co-CEOs and the members of the management board of the Company prior to Conversion) or the Supervisory Board, the Selling Shareholders, any of the Underwriters, the Financial Adviser, the Listing and Paying Agent or any of their respective representatives, are making any representation to any offeree or investor of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or investor under the laws applicable to such offeree or investor.

Investors who purchase Offer Shares in the Offering will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters, the Listing and Paying Agent or the Financial Adviser or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorized to give any information or to make any representation concerning the Group, the Selling Shareholders or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation has not been relied upon as having been authorized by us, the members of the Management Board or the Supervisory Board, the Selling Shareholders, any of the Underwriters, the Listing and Paying Agent, or the Financial Adviser.

Shareholders who have a registered address in, or who are resident or located in, jurisdictions other than the Netherlands and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside the Netherlands should read "Selling and Transfer Restrictions" in this Prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be

offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offering is being extended (i) in the United States to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and applicable state securities laws, and (ii) outside the United States in offshore transactions as defined in, and in accordance with Regulation S. Any Offer Shares offered and sold in the United States will be subject to certain transfer restrictions as described in "*Selling and Transfer Restrictions*".

In addition, until the end of the 40th calendar day after the commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the U.S. Securities Act.

THE OFFER SHARES HAVE NOT BEEN RECOMMENDED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE OFFER SHARES OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the Offer Shares.

This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Prospectus is directed at and for distribution in the United Kingdom only to Qualified Investors (as defined below) who are: (i) persons who have professional experience in matters relating to investments falling within section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within section 49(2)(a) to (d) of the Order or (iii) other persons to whom the Prospectus may lawfully be communicated (all such persons being together referred to in this paragraph as "**relevant persons**"). This Prospectus is directed only at relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of their contents. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Furthermore, the Underwriters have warranted that they: (i) have only invited or will only invite participation in investment activities in connection with the offering or the sale of the shares within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**"), and have only initiated or will only initiate such investment activities to the extent that Section 21(1) of the FSMA does not apply to us; and (ii) have complied and will comply with all applicable provisions of FSMA with respect to all activities already undertaken by each of them or will undertake in the future in relation to the shares in, from, or otherwise involving the United Kingdom.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (other than the Netherlands and the United Kingdom) which has implemented the EU Prospectus Directive (in this paragraph, each, a "**Relevant Member State**"), an offer to the public of any Shares may not be made in that Relevant Member State unless this Prospectus has been approved by the competent authority in such Relevant Member State or passported and published in accordance with the EU Prospectus Directive as implemented in such Relevant Member State, except that the Offer Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the EU Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in Article 2(1)(e) of the EU Prospectus Directive ("**Qualified Investors**");

- by the Underwriters to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances which do not require the publication by us or any underwriter of a prospectus pursuant to Article 3 of the EU Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Directive or any measure implementing the EU Prospectus Directive in a Relevant Member State.

For the purpose hereof, an "**offer of any shares to the public**" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State.

Enforcement of Judgments

We have been advised that there is doubt as to the enforceability in the Netherlands of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. At the date of this Prospectus, we are a cooperative with excluded liability (*coöperatief met uitgesloten aansprakelijkheid*) under the laws of the Netherlands. All members of the Management Board (for the avoidance of doubt, including the Co-CEOs and the members of the management board of the Company prior to Conversion) and the Supervisory Board and most of our employees are citizens or residents of countries other than the United States. Most of the assets of such persons and most of our assets are located outside the United States. The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. In addition, the countries of residence of the members of the Management Board (for the avoidance of doubt, including the Co-CEOs and the members of the management board of the Company prior to Conversion) and the Supervisory Board and of our employees may also not have a treaty providing for the reciprocal recognition and enforcement of judgments. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. However, if a person has obtained a final and conclusive judgment rendered by a U.S. court which is enforceable in the United States and files a claim with the competent Dutch court, the Dutch court will generally give binding effect to such foreign judgment insofar as it finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and that the foreign judgment does not contravene Dutch public policy and that the foreign judgment is not irreconcilable with a judgment of a Dutch court given between the same parties, or with an earlier judgment of a foreign court given between the same parties in a dispute involving the same cause of action and subject matter, provided that such earlier judgment fulfils the conditions necessary for it to be given binding effect in the Netherlands. It is uncertain whether this practice extends to default judgments as well. Dutch courts may deny the recognition and enforcement of punitive damages or other awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in the Netherlands are solely governed by the provisions of the Dutch Civil Procedure Code (*Wetboek van Burgerlijke Rechtsvordering*).

Definitions

This Prospectus is published in English only. Definitions used in this Prospectus are also defined in "*Definitions*".

Available Information

For so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b), make available to

any holder or beneficial owner of the Offer Shares, or to any prospective investor of the Offer Shares designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act.

Incorporation by Reference

The Articles of Association (in Dutch) shall be deemed incorporated in, and form part of, this Prospectus and can be obtained free of charge on our website at www.flowtraders.com (where an informal English translation of the Articles of Association can also be found). Prospective investors should rely only on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of our website or of websites accessible from hyperlinks on our website, form part of, or are incorporated by reference into, this Prospectus.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering

We believe that the Offering and the listing of the Shares on Euronext Amsterdam will provide us with increased visibility of our business, our industry and ETPs in general. We expect this will raise our profile with institutional counterparties, regulators and talent. In addition, the Offering and the listing of the Shares on Euronext Amsterdam will enable us to accelerate our organic growth and further market penetration. We also believe that the Offering will enhance the Company's ability to access the capital markets for funding and it will create liquidity for existing Shareholders.

Javak expects to offer up to approximately 6% of the Shares as part of the Offering, Avalon expects to offer up approximately 6% of the Shares as part of the Offering, Summit Partners expects to offer up to approximately 14.8% of the Shares as part of the Offering and the Foundation expects to offer up to approximately 8.2% of the Shares in the company as part of the Offering.

Use of Proceeds

We will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholders. After deducting the estimated expenses, commissions and taxes related to the Offering payable by the Selling Shareholders of approximately €16 million, the Selling Shareholders expect to receive approximately €521 million in net proceeds from the Offering (based on an Offer Price at the midpoint of the Offer Price Range and assuming the sale of the maximum number of Offer Shares by the Selling Shareholders and no exercise of the Over-allotment Option). The expenses and taxes related to the Offering payable by us are estimated to amount to approximately €4 million.

DIVIDENDS AND DIVIDEND POLICY

Dividends

The dividends declared by the Company for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 are included in the table "*calculation of pay-out ratio*" in "*Selected Financials and Operating Information*".

Dividend Policy

We plan to pay dividends annually in two instalments, with a target aggregate dividend payout ratio of at least 50% of our net profits realised during the financial year.

It is anticipated that the first dividend subsequent to the Offering will be payable following publication of our results for the first half of 2015. 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. See also "*Risk Factors*" and "*Important Information—Information Regarding Forward-Looking Statements*".

Profit Ranking of the Shares

All of the Shares issued and outstanding, including the Offer Shares, rank equally and will be eligible for any profit or other payment that may be declared on the Shares.

Manner and Time of Dividend Payments

It is intended that the payment of dividends in cash, if declared, will be made in euro. However, we may also declare dividends in kind by issuing new Shares or distributing other assets of the Group, as the case may be. Any dividends that are paid to Shareholders through Euroclear Nederland will be automatically credited to the relevant Shareholders' accounts without the need for the Shareholders to present documentation proving their ownership of the Shares.

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. We may only make distributions, whether a distribution of profits or of freely distributable reserves, to our Shareholders if our shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by the laws of the Netherlands or by the Articles of Association.

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. See also "*Description of Share Capital—Dividends and Other Distributions*".

Uncollected Dividends

A claim for any declared dividend and other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to the Company.

Taxation

Dividend payments on the Shares are generally subject to withholding tax in the Netherlands. See "*Taxation—Dutch Tax Considerations—Withholding tax*".

CAPITALIZATION AND INDEBTEDNESS

The table below sets out our consolidated capitalization as of 31 March 2015. This table should be read in conjunction with "Reasons for Offering and Use of Proceeds," "Operating and Financial Review" and our Consolidated Financial Statements included elsewhere in this Prospectus.

	As of 31 March 2015
	(unaudited)
	(in € millions)
Current debt (including current portion of long-term debt):	
Secured ⁽¹⁾	—
Unguaranteed / Unsecured ⁽²⁾	58.4
Total current debt	58.4
Non-current debt (excluding current portion of long-term debt):	
Unguaranteed / Unsecured ⁽³⁾	12.3
Total non-current debt	12.3
Member accounts:	
Capital account members A	15.0
Capital account members B	148.8
Translation reserve	19.9
Fair value reserve	(0.4)
Total member capital accounts	183.3
Total capitalization	313.4

⁽¹⁾ The debt figures in the table do not include financial liabilities held for trading and trading payables. These liabilities and payables represent our obligations arising as part of our trading activities and change significantly on a daily basis as a result of our business.

⁽²⁾ Unguaranteed/ Unsecured current debt includes our other current liabilities, which relate mainly to bonuses payable, dividends payable and current tax liabilities.

⁽³⁾ Unguaranteed/ Unsecured non-current debt includes our long-term liabilities, which mainly relate to the portion of bonuses that is payable one year after the year to which it relates. For more information, See "Operating and Financial Review—Key Factors Affecting Results of Operations—Fixed and variable costs".

The following table sets forth our net financial indebtedness as of 31 March 2015:

	As of 31 March 2015
	(unaudited)
	(in € millions)
A. Cash	4.5
B. Cash equivalents	—
C. Trading securities ⁽¹⁾	—
D. Liquidity (A) + (B) + (C)	4.5
E. Accounts receivables – consumer loans	—
F. Current bank debt	—
G. Current portion of bonds issued	—
H. Other current financial debt ⁽²⁾	58.4
I. Current financial debt (F) + (G) + (H)	58.4
J. Net current financial indebtedness (I) - (E) - (D)	53.9
K. Non-current bank loans	—
L. Bond issued	—
M. Other non-current loans ⁽³⁾	12.3
N. Non-current financial indebtedness (K) + (L) + (M)	12.3
O. Net financial indebtedness (J) + (N)	66.2

⁽¹⁾ Trading securities in the table do not include financial assets held for trading and trading receivables. These assets and receivables, which offset our financial liabilities held for trading and trading payables, arise as part of our trading activities and change significantly on a daily basis.

⁽²⁾ Other current financial debt includes our other current liabilities, which relate mainly to bonuses payable, dividends payable and current tax liabilities.

⁽³⁾ Other non-current loans includes our long-term liabilities, which mainly relate to the portion of bonuses that is payable one year after the year to which it relates. For more information, See "Operating and Financial Review—Key Factors Affecting Results of Operations—Fixed and variable costs".

We have no material indirect or contingent indebtedness.

There has been no significant change in our capitalization or indebtedness since 31 March 2015 except for the following:

- on 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs (the "**2015 EEP**"). The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. The aggregate subscription price paid for such depositary receipts was €22.2 million. The Company's capital (as well as the capital account members B) was increased with this amount. See "*Management, Employees and Corporate Governance—Participation by the Co-CEOs and Other Employees of our Group—2015 Employee Equity Plan*"; and
- upon, and subject to, Settlement occurring, the Co-CEOs and eligible senior employees will receive proceeds in connection with the cancellation and settlement of share appreciation rights ("**SARs**") granted by the Company during 2009 and 2011. By way of example, based on an Offer Price at the midpoint of the Offer Price Range and assuming that the opening price and closing price for the Shares after the first day of trading are equal to the Offer Price, the total gross expenses for the Company in connection with the settlement and termination of the SARs scheme shall amount to €30 million and the Co-CEOs will receive an aggregate gross amount of €20 million. See "*Management, Employees and Corporate Governance—Participation by the Co-CEOs and Other Employees of our Group—SARs*". The expenses shall be treated as other expenses in the financial statements for the nine months period ending on 30 September 2015.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables set forth our selected consolidated financial information as of the dates and for the periods indicated. The selected consolidated financial information as of and for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 has been derived from our Special Purpose Financial Statements (and is marked as "audited") and the selected consolidated financial information as of 31 March 2015 and for the three months ended 31 March 2015 and 31 March 2014 has been derived from our Interim Financial Statements (and is marked as "unaudited"), and should be read in conjunction with these financial statements included in the section "Consolidated Financial Statements", which begins on page F-1 of this Prospectus and in conjunction with the section "Operating and Financial Review".

Consolidated statement of comprehensive income data	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited)		
	(in € million)				
Gross trading income	100.4	54.0	240.8	200.5	125.1
Fees related to the trading activities	(14.8)	(9.6)	(37.9)	(31.6)	(18.5)
Net financial expenses related to the trading activities	(8.7)	(7.9)	(30.1)	(25.7)	(15.4)
Net trading income.....	76.9	36.5	172.7	143.3	91.2
Personnel expenses	(28.4)	(12.8)	(61.0)	(51.1)	(33.2)
Depreciation of property and equipment	(1.2)	(1.1)	(4.3)	(3.8)	(3.0)
Amortization of intangible assets	(0.1)	(0.1)	(0.4)	(0.3)	(0.3)
Write off of (in)tangible assets	–	(0.3)	(0.7)	(0.3)	(0.2)
Other expenses	(8.8)	(6.1)	(27.8)	(26.6)	(22.5)
Operating expenses	(38.5)	(20.3)	(94.2)	(82.1)	(59.1)
Operating result	38.4	16.2	78.5	61.2	32.1
Impairment of equity-accounted investees	–	–	(0.1)	(0.2)	(0.4)
Profit before tax	38.4	16.2	78.3	61.0	31.6
Tax expense	(7.7)	(3.1)	(10.5)	(7.4)	(3.9)
Profit for the period	30.7	13.2	67.9	53.6	27.7
Foreign currency translation differences – foreign operations	10.3	(0.2)	9.0	(3.8)	0.2
Available for sale net changes in fair value.....	(0.5)	0.2	0.4	0.0	(0.3)
Other comprehensive income for the period (net of tax)	9.8	(0.1)	9.4	(3.7)	(0.1)
Total comprehensive income for the period	40.6	13.1	77.3	49.9	27.6

Consolidated statement of financial position data	As of	As of		
	31 March	31 December		
	2015	2014	2013	2012
	(unaudited)	(audited)		
		(in € million)		
Total assets	5,184.8	3,322.3	2,911.9	2,193.6
thereof Cash and cash equivalents	4.5	2.3	9.5	2.1
thereof Financial assets held for trading.....	3,239.5	2,796.1	2,303.7	1,860.4
thereof Trading receivables	1,907.5	495.7	575.7	311.1
Total liabilities.....	5,001.5	3,179.5	2,774.5	2,092.1
thereof Financial liabilities held for trading	2,692.4	2,334.3	824.8	915.7
thereof Trading payables.....	2,238.4	755.5	1,895.5	1,136.8
Total member capital accounts	183.4	142.8	137.3	101.6
Total member capital accounts and liabilities.....	5,184.8	3,322.3	2,911.9	2,193.6

Consolidated statement of cash flows data	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited)		
	(in € million)				
Cash generated from operating activities	15.5	1.2	60.2	27.6	24.1
Net cash used in investing activities.....	(2.3)	(0.8)	(6.7)	(6.1)	(6.0)
Net cash from (used in) financing activities	(11.1)	–	(60.8)	(14.1)	(42.5)
Net change in cash and cash equivalents.....	2.2	0.4	(7.2)	7.4	(24.4)
Cash and cash equivalents at 1 January.....	2.3	9.5	9.5	2.1	26.5
Cash and cash equivalents at end of period.....	4.5	9.9	2.3	9.5	2.1

Other financial data ⁽¹⁾	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)				
	(in € million, unless otherwise indicated)				
EBITDA ⁽²⁾	40.0	17.6	84.1	65.9	35.2
EBITDA margin ⁽³⁾	52%	48%	49%	46%	39%
Free cash flow ⁽⁴⁾	27.5	(1.4)	96.4	61.7	26.0
Free cash flow conversion ⁽⁴⁾	69%	(8%)	115%	94%	74%
Pay-out ratio ⁽⁵⁾	n.a.	n.a.	64%	78%	61%
Capital expenditures ⁽⁶⁾	2.3	0.8	6.5	5.9	4.7
Net liquidity ⁽⁷⁾	220.7	167.3	204.3	168.7	121.1

⁽¹⁾ For more information on the non-IFRS financial measures presented in the table, see "Important Information—Non-IFRS Financial Measures".

⁽²⁾ EBITDA is operating result before depreciation of property and equipment, amortization of intangible assets, write off of intangible assets and non-trading financial income and expenses.

⁽³⁾ EBITDA margin is EBITDA as a percentage of net trading income. The following table sets forth a reconciliation of EBITDA and EBITDA margin to their most comparable IFRS measure:

Reconciliation of EBITDA and EBITDA margin	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)				
Operating result.....	38.4	16.2	78.5	61.2	32.1
Depreciation of property and equipment	1.2	1.1	4.3	3.8	3.0
Amortization of intangible assets	0.1	0.1	0.4	0.3	0.3
Write off of (in) tangible assets	–	0.3	0.7	0.3	0.2
Non-trading financial income and expenses (unaudited)	0.3	(0.0)	0.3	0.3	(0.4)
EBITDA (unaudited).....	40.0	17.6	84.1	65.9	35.2
Net trading income	76.9	36.5	172.7	143.3	91.2
EBITDA margin (unaudited)	52%	48%	49%	46%	39%

⁽⁴⁾ Free cash flow is cash generated from operating activities plus after tax interest expense on corporate debt (excluding interest paid to prime brokers) plus increase/ (decrease) in financial assets held for trading and trading receivables less (increase)/ decrease in financial liabilities held for trading and trading payables less net cash used in investing activities. Free cash flow conversion is free cash flow as a percentage of EBITDA. The following table sets forth a calculation of free cash flow conversion:

Calculation of free cash flow conversion	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)				
Cash generated from operating activities.....	15.5	1.2	60.2	27.6	24.1
After tax interest expense on corporate debt (unaudited) ^(a) ...	–	–	–	–	–
Increase/ (decrease) financial assets held for trading.....	443.4	(2,146.3)	492.4	443.3	125.4
Increase/ (decrease) trading receivables	1,411.8	(575.7)	(80.0)	264.6	165.6
(Increase)/ decrease financial liabilities held for trading	(358.2)	824.8	(1,509.5)	90.9	(96.2)
(Increase)/ decrease trading payables	(1,482.9)	1,895.5	1,140.0	(758.7)	(186.8)
Net cash used in investing activities.....	(2.3)	(0.8)	(6.7)	(6.1)	(6.0)
Free cash flow (unaudited)	27.5	(1.4)	96.4	61.7	26.0
EBITDA (unaudited).....	40.0	17.6	84.1	65.9	35.2
Free cash flow conversion (unaudited)	69%	(8%)	115%	94%	74%

^(a) After tax interest expense on corporate debt does not include interest paid to our prime brokers.

- ⁽⁵⁾ Pay-out ratio is dividends declared as a percentage of profit for the period. The following table sets forth a calculation of the pay-out ratio:

Calculation of pay-out ratio	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)				
Dividend declared ^(a)	n.a.	n.a.	43.4	41.8	16.8
Profit for the period.....	30.7	13.2	67.9	53.6	27.7
Pay-out ratio (unaudited).....	n.a.	n.a.	64%	78%	61%

- ^(a) Dividend declared is not reflected in the Special Purpose Financial Statements and differs from the dividends paid as reported in the Special Purpose Financial Statements due to the timing difference between when a dividend is declared and when it is actually paid.
- ⁽⁶⁾ Capital expenditures reflect cost of new hardware and property, plant and equipment. We do not capitalize software and IT development costs.
- ⁽⁷⁾ Net liquidity comprises cash, the net of financial assets held for trading and financial liabilities held for trading and the net of trading receivables and trading payables.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with our Special Purpose Financial Statements and the Interim Financial Statements included in the section "Consolidated Financial Statements", which begins on page F-1 of this Prospectus. The Special Purpose Financial Statements have been prepared in accordance with IFRS. The Interim Financial Statements have been prepared in accordance with IAS 34 interim financial reporting. The following section contains forward-looking statements, which are based on our management's assumptions regarding our future business performance. See "Important Information—Information Regarding Forward-looking Statements". A number of factors, including the risks described in the section titled "Risk Factors", may cause our actual results to differ materially from the results expected on the basis of these forward-looking statements.

Overview

We are a leading, technology-enabled liquidity provider operating on a global scale that specializes in ETPs. In terms of value of on-exchange ETP trades in Europe we consistently hold a leading position and for many years we have been recognized by the ETP industry as the leader in ETP liquidity provision in Europe and the Asia-Pacific region. We enable investors to buy and sell ETPs efficiently by quoting bid (buying) and ask (selling) prices. This contributes to more efficient and transparent securities markets. Through provision of liquidity, market participants benefit from increased liquidity, higher execution quality and lower overall trading costs.

We provide liquidity in a wide range of ETPs across the globe, tracking all asset classes including equities, fixed income, commodities and currencies. Our focus on ETPs, combined with our access to financial markets globally, our proprietary technology and risk management platforms and our low cost structure, enables us to provide liquidity in a competitive manner.

As of 31 December 2014, we provide liquidity by quoting bid and ask prices for over 4,000 ETPs in various categories (ETFs, ETCs and ETNs), we trade in over 11,000 financial instruments and we have access to 94 trading venues in 32 countries around the world including NYSE Arca, the BATS Exchanges, Nasdaq, Euronext, Deutsche Börse, London Stock Exchange, Borsa Italiana, SIX Swiss Exchange, Japan Exchanges and Hong Kong Stock Exchange. We have market making agreements in place with exchanges and issuers where we commit to provide liquidity for 2,724 ETP listings. ETPs, like other listed securities, can also be traded off-exchange among professional counterparties. Therefore, in addition to providing liquidity on exchanges and on other trading venues, we also provide liquidity in ETPs off-exchange on a request-for-quote basis to over 350 institutional counterparties such as banks, asset managers, pension funds, insurance companies, family offices, hedge funds and others in over 20 countries. We also provide liquidity in similar instruments whose value is proportionally affected by a change in the value of their underlying assets.

Our net trading income is driven by the very small differences between the prices at which investors are willing to buy (or sell) ETPs (or other financial instruments) from (or to) us and the prices we pay (or receive) for the underlying or related financial instruments. While net trading income per individual trade is typically very low, the large number of transactions and volumes we transact cumulatively lead to sizeable net trading income per annum.

We trade as a principal. We do not have clients, nor do we provide any investment services or ancillary services, such as brokerage or investment advice, to any third party. Our strategies are not designed to use information from dark pools and we use fairly simple, non-controversial and transparent order types. Although exchanges typically offer discounted trading costs to liquidity providers, including ourselves, we do not seek to execute trades in order to lock in certain rebates or other benefits from exchanges. We do not operate an agency business nor do we pay for order flow. Some market participants send orders from their clients to a particular other market participant in exchange for receiving a fee. We do not engage in such practices.

We refer to our liquidity provision activities as being "market neutral", which means that our results do not depend on the direction of market prices once we have fully hedged a trade. See "*Business-How we generate income and manage market exposure as a liquidity provider*". Our efforts to be "market neutral" mean that we seek to have zero net exposure and seek to reduce market risk to the absolute minimum, by fully and immediately hedging our positions or, if a full or immediate hedge is not available, by hedging

such positions to the fullest extent possible. We do not speculate. Rather, we seek to eliminate the market risk of our positions through effective hedging. As a result, we only incurred 24 loss-days in last five years and just one in the last two and a half years. In spite of our risk-averse strategy and our policy to seek to fully and immediately hedge all of our trades, our trading and hedging strategies may entail residual risks. See also "*Risk Factors—Risks Related to Our Business—We are susceptible to operational risks, which could lead to losses*".

Key Factors Affecting Results of Operations

Our results of operations, financial condition and liquidity have been influenced and we believe will continue to be influenced by various factors, including the following key developments and market characteristics.

Trading volume and margins

Fluctuations in market conditions, including 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 directly affect our net trading income and profitability. Volatility can influence trading volumes and bid-ask spreads in either direction (i.e. higher volatility can increase or decrease trading volumes and bid-ask spreads), with higher volatility generally increasing trading volumes and periods of extreme volatility generally decreasing trading volumes.

We trade a broad range of securities and asset classes in a large number of geographies both on- and off-exchange. In general, as market volumes increase, our trading volumes also tend to increase, resulting in higher net trading income and profit. Trading volume in the markets most relevant for us is broadly correlated over the long term with the growth of Assets under Management in ETPs, the financial instruments in which our trading activity is specialized. However, we expect, on average, to continue to increase our net trading income at a rate greater than the rate of growth in Assets under Management in ETPs. In recent years, ETPs have become an increasingly popular investment, with a resulting growth in Assets under Management and trading volumes. For more information, see "*Industry*". 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.

Our trading volume is also affected by the size and growth of our business. The growth of our scalable business, including by increasing the number of trading desks or traders, would position us to capture more trading volume in new and existing markets and products similar to ETPs. We also see a growth opportunity in adding new products and accessing new markets. In particular, we intend to expand off-exchange trading with institutional counterparties in Amsterdam and Singapore, as well as to establish institutional trading in the United States. See "*Business—Growth Strategies*". Historically, our business expansion through additional desks has generally translated into higher net trading income.

In addition to trading volume, our net trading income is affected by the bid-ask spreads for the financial instruments we trade, and hence the margins that we manage to capture. We seek to avoid the risk of directional exposure to particular securities in favor of earning a small margin on large aggregate trading volumes across transactions in ETPs and other financial instruments. We set our price quotes so as to price in the cost of hedging necessary to minimize our market exposure resulting from the trade, to cover our trading costs and to lock in our margin. If we observe that an ETP (or other financial instrument) is overvalued relative to its underlying assets, we may sell the instrument while simultaneously buying the underlying assets. Likewise, if we observe that an ETP (or other financial instrument) is undervalued, we may buy the instrument and sell the underlying assets. For additional information on how we generate income and how we hedge, see "*Business—How we generate income and manage market exposure as a liquidity provider*". Our margins depend on a number of factors outside our control, including the prices quoted by our competitors and market conditions and regulatory measures. We address these factors through our risk management system, e.g. by setting limits on prices, volumes and positions according to the level of risk we are willing or able to undertake in respect of a certain financial instrument or group of financial instruments. Every risk limit is individually set by looking at characteristics of the product, type of hedge, market liquidity, redemption/creation capabilities, volatility, and the experience of the trading

desk involved. Compressed bid-ask spreads for the financial instruments we trade result in lower margins. For mature products and markets, such as the ETP market in the United States, bid-ask spreads are typically tight with higher volumes, whereas in developing markets, such as the ETP market in Asia, bid-ask spreads are generally wider with lower volumes. In addition, bid-ask spreads are typically lower for trades off-exchange (with higher volumes) as compared to trades on-exchange.

In the past, our net trading income has varied significantly from period to period due primarily to market conditions and fluctuations in trading volumes, margins and volatility. We do not seek to smoothen out our net trading income in order to achieve lower variability in our profits. As a result, period to period comparisons of our net trading income and operating results may not be meaningful, and future net trading income may be subject to fluctuations.

Fixed and variable costs

Due to having maintained a relatively low fixed cost base, we have been able to increase our net trading income at a faster rate than our fixed operational expenses. Excluding bonuses, our operating expenses as a percentage of our net trading income decreased from 45% in 2012 to 34% in 2013 and 30% in 2014. Firm-wide average total compensation per employee was €236,000 in 2013 and increased to €262,000 in 2014. In 2014, wages and salaries accounted for 22% (2013: 27%) and bonuses accounted for 78% (2013: 73%) of total compensation. Our fixed operating expenses have increased primarily as a result of the growth in the number of employees and investments in IT, data and software. Our variable costs are generally correlated with our trading activity and profit, and generally increase as our trading activity increases. For example, our gross trading income increased by 20% from 2013 to 2014 while our fees related to the trading activities (comprising primarily of exchange fees, clearing fees and other trading related fees) increased by 20% in the same period. Our operating expenses (including variable compensation) also generally move in accordance with our profit because approximately three-quarters of our personnel expenses are paid in the form of variable compensation that is directly tied to our profit. Payment of half of the bonuses is deferred for a year during which it is fully at risk for any negative operational result.

As a result of the Offering, we expect an increase in our fixed costs in order to operate as a publicly listed company, which we expect to be between €500,000 and €700,000 annually, although we expect the benefits from the listing to outweigh the additional fixed costs.

Regulatory changes and influence

The financial services industry and the financial markets are heavily regulated in the countries and markets in which we operate. Applicable regulations largely influence the type of trading activities in which we may engage and may affect our profits. Our business is subject to direct and indirect regulation by regulators and SROs, including the AFM, DNB, SEC, CBOE, CFTC, FINRA and MAS, as well as various exchanges worldwide, and we believe our business will be subject to additional regulation in the future. For example, we may be subject to proposed financial transaction taxes and, through our regulated group companies, we are required to maintain certain levels of regulatory capital. Electronic trading strategies, such as those used by us, are often misunderstood and considered to be similar to high frequency strategies and other forms of low latency trading techniques that allows certain market parties to predict or anticipate market movements, which continue to be the focus of extensive political, regulatory and media attention. Our liquidity provision strategies are not directional and do not seek to anticipate future pricing of individual financial instruments. Rather, they calculate the value of the underlying financial instruments of an ETP or related instrument and quote bid or ask prices on the basis of such current prices. For more information, see "*Regulation*" and "*Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects*".

In order to ensure our regulatory compliance, we have invested and expect to continue to invest in our legal and compliance functions. Additional regulation or changes in rules and their interpretation, including any additional capital and margin requirements or transaction taxes promulgated by numerous authorities and regulators that oversee our business, could increase our costs and may limit our trading opportunities.

Competition

Our net trading income depends on our ability to trade financial instruments at prices that are competitive and represent the best bid or ask price at a given time. We compete with other market participants not only in respect of the price and size of our quotes, but also on other factors such as technology (e.g., speed and capacity of connectivity and processing) which are required to price competitively. The markets in which we compete are characterized by rapidly changing technology, increasingly sophisticated market participants and changing trading technology, practices and techniques. Increased competition in the marketplace reduces our margins, in particular where markets are mature or maturing and as trading becomes more sophisticated and automated. Such margin compression has already occurred, to some extent, in certain mature markets and products, in particular in the United States. The widespread adoption of new internet, networking or telecommunications technologies or other technological changes by our competitors could require us to incur substantial additional expenditures or accept lower margins.

Capability of our trading system

Our success has been, and will continue to be, attributable in significant part to our technology. We operate a bespoke infrastructure, comprising over 1,100 machines and servers in 37 data centers worldwide, supporting approximately 65 million order messages per day in 2014. In addition, we are not dependent on third parties for our proprietary pricing and trading software, which is designed and developed internally by our software engineers. We have invested and expect to continue to invest substantial amounts of capital to optimize the speed and performance and increase the capacity of our trading system, aiming to capture trading volumes and trading income. We expect our future expenditures in technology to be approximately in line with our historical expenditures. For additional information, see "*—Results of Operations—Comparison of the three months ended 31 March 2015 and 31 March 2014—Operating expenses—Other expenses*", "*—Results of Operations—Comparison of the years ended 31 December 2014 and 31 December 2013—Operating expenses—Other expenses*" and "*—Results of Operations—Comparison of the years ended 31 December 2013 and 31 December 2012—Operating expenses—Other expenses*".

Effective tax rate

Our effective tax rate has benefited from local tax regimes enacted in order to stimulate the financial industry and innovation. For example, in the Netherlands, we have opted to benefit from lower effective tax rates under the so-called Innovation Box regime. See also "*Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—We could be exposed to adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations. In particular, we cannot be certain of continued benefit from lower effective tax rates.*" In addition, as a result of expansion of our U.S. activities, as of March 2015 we can no longer invoke the safe trade harbor exemption in the United States, as a result of which our profit generated in the United States has become subject to the statutory U.S. income tax rate since 1 March 2015, which will result in a higher effective tax rate for the Group than that observed in 2014, 2013 and 2012. We expect our effective tax rate to increase to approximately 20% (from 13% in 2014) and to remain around this level for the next few years, provided that applicable tax laws do not materially change in the future.

Currency fluctuations

Our reporting currency is the euro. However, a significant portion of our net trading income is generated in currencies other than the euro. For the year ended 31 December 2014, we generated 34.2% of our net trading income in non-euro currencies. From our New York and Singapore subsidiaries we regularly pay out excess capital held by those subsidiaries (which is equal to cash and cash equivalents in local currency less our expected operating costs in such local currency) as a dividend to the Group's parent company in Amsterdam. We monitor our excess foreign currency liquidity daily. Our decision whether to hedge the excess capital, takes into account the cost of the hedge and the amount of exposure. Changes in foreign exchange rates relative to the euro, particularly the exchange rates for the U.S. dollar and Singapore dollar, can affect the value of our non-euro assets, net trading income and expenses.

Components of Results of Operations

The following is an explanation of certain components from our statement of comprehensive income.

Gross trading income

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

Fees related to the trading activities

Fees related to the trading activities consist primarily of exchange fees, clearing fees and other trading related fees which represent the direct expenses of executing and clearing transactions in the course of our trading. These costs are per trade costs set by stock exchanges and clearing houses.

Net financial expenses related to the trading activities

Net financial expenses related to the trading activities mainly relate to interest expenses on our facilities with prime brokers, which finance our trading portfolio and are calculated on the drawn amount during the period, as well as margin fees, short stock fees and interest income.

Net trading income

Net trading income is gross trading income after fees related to the trading activities and net financial expenses related to the trading activities.

Operating expenses

Our operating expenses comprise personnel expenses, depreciation of property and equipment, amortization of intangible assets, write off of (in)tangible assets, and other expenses.

Personnel expenses

Personnel expenses comprise wages and salaries, bonuses, social security charges, recruitment and other employee costs and share-based payments.

Depreciation of property and equipment

Depreciation of property and equipment results from the depreciation of fixed assets, such as computing and communications hardware. 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 life of significant items of property and equipment is five years.

Amortization of intangible assets

Amortization of intangible assets results from the amortization of intangible assets on a straight-line basis in profit or loss over the estimated useful lives of each component. The estimated useful lives of significant items of our intangible assets are five years.

Write off of (in)tangible assets

Write off of (in)tangible assets results from property and equipment or intangible assets being disposed or otherwise unusable.

Other expenses

Other expenses comprise mainly IT costs and licensing, which are primarily fixed expenses for data lines, infrastructure costs, such as internet fees, connection fees, data centers and co-location fees, software fees, electricity costs and market connection costs that we pay to third parties to receive quotes and related market information to be able to provide liquidity on a continuous basis. Our software development expenses are not capitalized, but expensed in the period in which they are realized. In addition, other expenses include housing (i.e. rental expenses), fees for advisors and assurance, regulatory costs (i.e. fees due to exchanges and professional associations), fixed exchange costs and other expenses (e.g., net of interest receivable and interest payable).

Tax expense

Tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of the Group's assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Segmentation

We segment our business according to the locations where we operate via our local trading subsidiaries in the Netherlands (Europe), United States (United States) and Singapore (Asia). For additional information on our operating segments, see note 6 of our Special Purpose Financial Statements.

Recent Developments

Except for the following, there has been no significant change in our financial or trading position since 31 March 2015.

2015 EEP

On 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs. The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. The aggregate subscription price paid for such depositary receipts was €22.2 million. The Company's capital (as well as the capital account members B) increased with this amount. See "*Management, Employees and Corporate Governance—Participation by the Co-CEOs and Other Employees of our Group—2015 Employee Equity Plan*".

SARs

Upon completion of the Offering, the Co-CEOs and eligible senior employees will receive proceeds in connection with the cancellation and settlement of SARs granted by the Company during 2009 and 2011. By way of example, based on an Offer Price at the midpoint of the Offer Price Range and assuming that the opening price and closing price for the Shares after the first day of trading are equal to the Offer Price, the total gross expenses for the Company in connection with the settlement and termination of the SARs scheme shall amount to approximately €30 million and the Co-CEOs will receive an aggregate gross amount of approximately €20 million. See "*Management, Employees and Corporate Governance—Participation by the Co-CEOs and Other Employees of our Group—SARs*". The expenses shall be treated as other expenses in the financial statements for the nine months period ending on 30 September 2015.

Current trading

Our net trading income for Q2 2015 is expected to be significantly higher than in Q2 2014 and slightly lower than in Q1 2015, consistent with market conditions and ETP trading activity. Operational costs for Q2 2015 are expected to be in line with Q1 2015 levels.

Results of Operations

Comparison of the three months ended 31 March 2015 and 31 March 2014

The following tables present a comparison of our results of operations for the periods indicated, including a breakdown by segment:

	For the three months ended 31 March	
	2015	2014
	<i>(unaudited)</i>	
	<i>(in € million)</i>	
Gross trading income	100.4	54.0
Fees related to the trading activities	(14.8)	(9.6)
Net financial expenses related to the trading activities	(8.7)	(7.9)
Net trading income	76.9	36.5
Personnel expenses	(28.4)	(12.8)
Depreciation of property and equipment	(1.2)	(1.1)
Amortization of intangible assets	(0.1)	(0.1)
Write off of (in) tangible assets	–	(0.3)
Other expenses	(8.8)	(6.1)
Operating expenses	(38.5)	(20.3)
Operating result	38.4	16.2
Impairment of equity-accounted investees	–	–
Profit before tax	38.4	16.2
Tax expense	(7.7)	(3.1)
Profit for the period	30.7	13.2
Foreign currency translation differences – foreign operations	10.3	(0.2)
Available for sale net changes in fair value	(0.5)	0.2
Other comprehensive income for the period, net of tax	9.8	(0.1)
Total comprehensive income for the period	40.6	13.1

	For the three months ended 31 March					
	Europe		Asia		United States	
	2015	2014	2015	2014	2015	2014
	<i>(unaudited)</i>					
	<i>(in € million)</i>					
Net trading income	51.2	23.0	12.9	4.0	12.9	9.6
Operating expenses	(28.8)	(16.5)	(4.2)	(1.5)	(5.4)	(2.3)
Operating result	22.3	6.5	8.6	2.5	7.5	7.2
Profit before tax	22.3	6.5	8.6	2.5	7.5	7.2
Profit for the period	16.8	3.2	8.1	2.7	5.8	7.2

Gross trading income

Our gross trading income increased by €46.4 million, or 86%, from €54.0 million in the first three months of 2014 to €100.4 million in the first three months of 2015. The increase was primarily the result of an increase in trading volumes, driven by an increase in ETP market volumes in combination with our growing market share and the expanding capacity (adding desks and traders) of our trading platform.

Fees related to the trading activities

Fees related to the trading activities increased by €5.2 million, or 55%, from €9.6 million in the first three months of 2014 to €14.8 million in the first three months of 2015. The increase generally reflected a corresponding increase in our trading volumes in the first three months of 2015. Fees related to the trading activities as a percentage of gross trading income decreased from 18% in the first three months of 2014 to 15% in the first three months of 2015.

Net financial expenses related to the trading activities

Our net financial expenses related to the trading activities increased by €0.8 million, or 11%, from €7.9 million in the first three months of 2014 to €8.7 million in the first three months of 2015. The increase was due to higher utilization of our portfolio financing facilities with prime brokers in 2014 as the result of an increase in trading volumes. Net financial expenses related to the trading activities as a percentage of gross trading income decreased from 15% in the first three months of 2014 to 9% in the first three months of 2015. The decrease was due mainly to more favorable clearing terms in 2015, which resulted in lower interest rates on our portfolio financing facilities.

Net trading income

For the reasons provided above, net trading income increased by €40.4 million from €36.5 million in the first three months of 2014 to €76.9 million in the first three months of 2015. The following table provides an overview of our net trading income according to segment for the periods indicated:

	For the three months ended 31 March	
	2015	2014
	(unaudited)	
	(in € million)	
Europe	51.2	23.0
Asia.....	12.9	4.0
United States.....	12.9	9.6
Net trading income.....	76.9	36.5

Europe generated the majority of our net trading income, accounting for 67% and 63% of our net trading income in the first three months of 2015 and 2014, respectively. Net trading income in Europe grew mainly due to higher capacity, as well as an increase in our trading volumes due to higher overall market volumes. Our net trading income in Asia increased substantially from €4.0 million in the first three months of 2014 to €12.9 million in the first three months of 2015 and accounted for 17% of our net trading income in the first three months of 2015 (the first three months of 2014: 11%). The increase was mainly the result of positive gradual developments in the Asian market, specifically the opening of the Chinese market. In the United States, our net trading income increased by 35% from the first three months of 2014 to the first three months of 2015 and accounted for 17% of our net trading income in the first three months of 2015 (the first three months of 2014: 26%) due to increased trading volume.

Personnel expenses

Our personnel expenses increased by €15.6 million from €12.8 million in the first three months of 2014 to €28.4 million in the first three months of 2015. The following table shows our personnel expenses for the periods indicated:

	For the three months ended 31 March	
	2015	2014
	(unaudited)	
	(in € million)	
Wages and salaries.....	3.3	2.9
Bonuses.....	22.8	8.6
Social security charges.....	0.4	0.5
Recruitment and other employee costs.....	1.5	0.7
Share-based payment transactions	0.4	0.0
Total personnel expenses.....	(28.4)	(12.8)

The increase was primarily due to an increase in bonuses from €8.6 million in the first three months of 2014 to €22.8 million in the first three months of 2015. The increase in bonuses from the first three months of 2014 to the first three months of 2015 was in line with the increase in our profit before tax, which more than doubled. For more information on variable compensation, see "—Key Factors Affecting Results of Operations—Fixed and variable costs". Our personnel expenses excluding bonuses increased

from €4.2 million in the first three months of 2014 to €5.5 million in the first three months of 2015 due mainly to higher recruitment activities in the first three months of 2015.

Depreciation of property and equipment

Depreciation of property and equipment increased by €0.1 million, or 13%, from €1.1 million in the first three months of 2014 to €1.2 million in the first three months of 2015.

Amortization of intangible assets

Amortization of intangible assets remained stable at €0.1 million in the first three months of 2014 and the first three months of 2015.

Write off of (in)tangible assets

Write off of (in)tangible assets decreased from €0.3 million in the first three months of 2014 to no such write off in the first three months of 2015.

Other expenses

Our other expenses increased by €2.7 million, or 45%, from €6.1 million in the first three months of 2014 to €8.8 million in the first three months of 2015. The increase was mainly due to the increase of the exchange rate of the U.S. dollar in comparison to the Euro.

Operating expenses

For the reasons provided above, our operating expenses increased by €18.2 million, or 89%, from €20.3 million in the first three months of 2014 to €38.5 million in the first three months of 2015. The increase was primarily the result of the increase in bonuses, which were 59% and 42% of our operating expenses in the first three months of 2015 and the first three months of 2014, respectively. Excluding bonuses, our operating expenses increased by €4.0 million, or 34%, from the first three months of 2014 to the first three months of 2015.

Tax expense

Tax expense increased by €4.6 million from €3.1 million in the first three months of 2014 to €7.7 million in the first three months of 2015. The increase was due principally to a higher current tax expense in the first three months of 2015 as a result of the increase in our operating result from €16.2 million in the first three months of 2014 to €38.4 million in the first three months of 2015.

Profit for the period

For the reasons provided above, profit for the period increased by €17.5 million from €13.2 million in the first three months of 2014 to €30.7 million in the first three months of 2015.

Comparison of the years ended 31 December 2014 and 31 December 2013

The following tables present a comparison of our results of operations for the periods indicated, including a breakdown by segment:

	For the year ended 31 December	
	2014	2013
	(audited) (in € million)	
Gross trading income	240.8	200.5
Fees related to the trading activities	(37.9)	(31.6)
Net financial expenses related to the trading activities	(30.1)	(25.7)
Net trading income	172.7	143.3
Personnel expenses	(61.0)	(51.1)
Depreciation of property and equipment	(4.3)	(3.8)
Amortization of intangible assets	(0.4)	(0.3)
Write off of (in)tangible assets	(0.7)	(0.3)
Other expenses	(27.8)	(26.6)
Operating expenses	(94.2)	(82.1)
Operating result	78.5	61.2
Impairment of equity-accounted investees	(0.1)	(0.2)
Profit before tax	78.3	61.0
Tax expense	(10.5)	(7.4)
Profit for the period	67.9	53.6
Foreign currency translation differences – foreign operations	9.0	(3.8)
Available for sale net changes in fair value	0.4	0.0
Other comprehensive income for the year, net of tax	9.4	(3.7)
Total comprehensive income for the year	77.3	49.9

	For the year ended 31 December					
	Europe		Asia		United States	
	2014	2013	2014	2013	2014	2013
(audited) (in € million)						
Net trading income	113.7	89.1	24.3	21.8	34.7	32.4
Operating expenses	(66.6)	(57.7)	(10.9)	(12.2)	(16.8)	(12.3)
Operating result	47.1	31.4	13.5	9.6	17.9	20.2
Profit before tax	46.9	31.2	13.5	9.6	17.9	20.2
Profit for the period	38.1	25.3	11.8	8.1	17.9	20.2

Gross trading income

Our gross trading income increased by €40.3 million, or 20%, from €200.5 million in 2013 to €240.8 million in 2014. The increase was primarily the result of an increase in trading volumes, driven by an increase in ETP market volumes in combination with our growing market share and the expanding capacity (adding desks and traders) of our trading platform.

Fees related to the trading activities

Fees related to the trading activities increased by €6.3 million, or 20%, from €31.6 million in 2013 to €37.9 million in 2014. The increase generally reflected a corresponding increase in our trading volumes in 2014. Fees related to the trading activities as a percentage of gross trading income remained stable at 16% in both 2013 and 2014.

Net financial expenses related to the trading activities

Our net financial expenses related to the trading activities increased by €4.4 million, or 17%, from €25.7 million in 2013 to €30.1 million in 2014. The increase was due to higher utilization of our portfolio financing facilities with prime brokers in 2014 as the result of an increase in trading volumes. Net financial expenses related to the trading activities as a percentage of gross trading income remained relatively stable at 13% in both 2013 and 2014.

Net trading income

For the reasons provided above, net trading income increased by €29.4 million, or 21%, from €143.3 million in 2013 to €172.7 million in 2014. The following table provides an overview of our net trading income according to segment for the periods indicated:

	For the year ended 31 December	
	2014	2013
	<i>(audited)</i>	
	<i>(in € million)</i>	
Europe	113.7	89.1
Asia.....	24.3	21.8
United States.....	34.7	32.4
Net trading income.....	172.7	143.3

Europe generated the majority of our net trading income, accounting for 66% and 62% of our net trading income in 2014 and 2013, respectively. We also had the largest increase in net trading income in Europe, which grew by 28% from 2013 to 2014. This increase was mainly driven by higher capacity (including additional desks and traders, and splitting desks), as well as an increase in our trading volumes due to higher overall market volumes in, among other countries, Greece and Russia. Our net trading income in Asia increased by 12% from 2013 to 2014 and accounted for 14% of our net trading income in 2014 (2013: 15%) due mainly to higher trading volumes and the gradual opening up of the Chinese market, despite lower capacity resulting in part from higher employee turnover. In the United States, our net trading income increased by 7% from 2013 to 2014 and accounted for 20% of our net trading income in 2014 (2013: 23%) due in part to high trading volumes and positive market conditions, despite tight margins.

Personnel expenses

Our personnel expenses increased by €9.9 million, or 19%, from €51.1 million in 2013 to €61.0 million in 2014. The following table shows our personnel expenses for the periods indicated:

	For the year ended 31 December	
	2014	2013
	<i>(audited)</i>	
	<i>(in € million)</i>	
Wages and salaries.....	12.3	12.4
Bonuses.....	42.9	34.1
Social security charges.....	1.7	1.3
Recruitment and other employee costs.....	3.9	3.0
Share-based payment transactions	0.2	0.3
Total personnel expenses.....	61.0	51.1

The increase was primarily due to a 26% increase in employee bonuses from €34.1 million in 2013 to €42.9 million in 2014, as the result of higher profit before tax in 2014. The increase in bonuses from 2013 to 2014 was in line with the increase of 28% in our profit before tax. For more information on variable compensation, see "*Key Factors Affecting Results of Operations—Fixed and variable costs*". Our wages and salaries (which does not include bonuses) remained stable at €12.4 million in 2013 and €12.3 million in 2014.

Depreciation of property and equipment

Depreciation of property and equipment increased by €0.5 million, or 15%, from €3.8 million in 2013 to €4.3 million in 2014.

Amortization of intangible assets

Amortization of intangible assets remained stable at €0.3 million in 2013 and €0.4 million in 2014.

Write off of (in)tangible assets

Write off of (in)tangible assets increased by €0.4 million from €0.3 million in 2013 to €0.7 million in 2014.

Other expenses

Our other expenses increased by €1.2 million, or 5%, from €26.6 million in 2013 to €27.8 million in 2014. The increase was mainly due to an increase in fixed exchange costs from €2.1 million in 2013 to €2.9 million in 2014 as the result primarily of our connection to additional exchanges in 2014. Our housing expenses (i.e. rental costs) also increased from €2.2 million in 2013 to €2.6 million in 2014 due mainly to the relocation of our offices in Amsterdam and Singapore and the expansion of our office in the United States. Our IT costs and licensing expenses decreased from €20.2 million in 2013 to €18.7 million in 2014. The decrease resulted mainly from the formation of a value-added tax ("VAT") fiscal unity in the Netherlands whereby VAT was no longer due on intra-group IT costs between certain Dutch entities. Since the Company is not entitled to fully recover its VAT expenses under Dutch VAT law, the formation of a VAT fiscal unity resulted in a lower expense base because, prior to the formation of the VAT fiscal unity, VAT on the mark-up on intra-group IT costs was not fully recoverable.

Operating expenses

For the reasons provided above, our operating expenses increased by €12.1 million, or 15%, from €82.1 million in 2013 to €94.2 million in 2014. The increase was primarily the result of the increase in bonuses, which were 46% and 42% of our operating expenses in 2014 and 2013, respectively. Excluding bonuses, our operating expenses increased by €3.3 million, or 7%, from 2013 to 2014.

Tax expense

Tax expense increased by €3.1 million, or 42%, from €7.4 million in 2013 to €10.5 million in 2014. The increase was due principally to a higher current tax expense in 2014 as a result of the increase in our operating result from €61.2 million in 2013 to €78.5 million in 2014. Our effective tax rate increased from 12% in 2013 to 13% in 2014. See also "Key Factors Affecting Results of Operations—Effective tax rate" and note 12 to our Special Purpose Financial Statements.

Profit for the period

For the reasons provided above, profit for the period increased by €14.3 million, or 27%, from €53.6 million in 2013 to €67.9 million in 2014.

Comparison of the years ended 31 December 2013 and 31 December 2012

The following tables present a comparison of our results of operations for the periods indicated, including a breakdown by segment:

	For the year ended 31 December	
	2013	2012
	<i>(audited)</i>	
	<i>(in € million)</i>	
Gross trading income	200.5	125.1
Fees related to the trading activities	(31.6)	(18.5)
Net financial expenses related to the trading activities	(25.7)	(15.4)
Net trading income	143.3	91.2
Personnel expenses	(51.1)	(33.2)
Depreciation of property and equipment	(3.8)	(3.0)
Amortization of intangible assets	(0.3)	(0.3)
Write off of (in)tangible assets	(0.3)	(0.2)
Other expenses	(26.6)	(22.5)
Operating expenses	(82.1)	(59.1)
Operating result	61.2	32.1
Impairment of equity-accounted investees	(0.2)	(0.4)
Profit before tax	61.0	31.6
Tax expense	(7.4)	(3.9)
Profit for the period	53.6	27.7

	For the year ended 31 December	
	2013	2012
	<i>(audited)</i>	
	<i>(in € million)</i>	
Foreign currency translation differences – foreign operations	(3.8)	0.2
Available for sale net changes in fair value.....	0.0	(0.3)
Other comprehensive income for the year, net of tax.....	(3.7)	(0.1)
Total comprehensive income for the year	49.9	27.6

	For the year ended 31 December ⁽¹⁾					
	Europe		Asia		United States	
	2013	2012	2013	2012	2013	2012
	<i>(audited)</i>					
	<i>(in € million)</i>					
Net trading income.....	89.1	62.5	21.8	12.9	32.4	15.9
Operating expenses	(57.7)	(37.8)	(12.2)	(11.4)	(12.3)	(9.9)
Operating result	31.4	24.6	9.6	1.5	20.2	6.0
Profit before tax	31.2	24.2	9.6	1.5	20.2	6.0
Profit for the period	25.3	20.4	8.1	1.4	20.2	6.0

Gross trading income

Our gross trading income increased by €75.4 million, or 60%, from €125.1 million in 2012 to €200.5 million in 2013. The increase was primarily the result of an increase in trading volumes as well as our growing market share and expanding capacity of our trading platform.

Fees related to the trading activities

Fees related to the trading activities increased by €13.1 million, or 71%, from €18.5 million in 2012 to €31.6 million in 2013. The increase generally reflected a corresponding increase in our trading volumes in 2013. Fees related to the trading activities as a percentage of gross trading income increased from 15% in 2012 to 16% in 2013, which was mainly due to our trading on smaller venues (in terms of number of products traded) in 2013, which proportionately have higher direct trading costs.

Net financial expenses related to the trading activities

Our net financial expenses related to the trading activities increased by €10.3 million, or 67%, from €15.4 million in 2012 to €25.7 million in 2013. The increase was due to higher utilization of our portfolio financing facilities with prime brokers in 2013 as the result of an increase in trading volumes. Net financial expenses related to the trading activities as a percentage of gross trading income remained relatively stable at 12% in 2012 and 13% in 2013.

Net trading income

For the reasons provided above, net trading income increased by €52.1 million, or 57%, from €91.2 million in 2012 to €143.3 million in 2013. The following table provides an overview of our net trading income according to segment for the periods indicated:

	For the year ended 31 December	
	2013	2012
	<i>(audited)</i>	
	<i>(in € million)</i>	
Europe	89.1	62.5
Asia.....	21.8	12.9
United States.....	32.4	15.9
Net trading income.....	143.3	91.2

Europe generated the majority of our net trading income, accounting for 62% and 68% of our net trading income in 2013 and 2012, respectively. Our U.S. operations accounted for 23% of our net trading income

in 2013 (2012: 17%) and had the largest percentage increase in net trading income from €15.9 million in 2012 to €32.4 million 2013. The increase was due mainly to an increase in our market share as the result of the expansion of our trading capacity in the United States. Our net trading income in Asia increased by 69% from 2012 to 2013 and accounted for 15% of our net trading income in 2013 (2012: 14%). The increase in Asia was primarily driven by expansion and reduced costs of our trading platform.

Personnel expenses

Our personnel expenses increased by €17.9 million, or 54%, from €33.2 million in 2012 to €51.1 million in 2013. The following table shows our personnel expenses for the periods indicated:

	For the year ended 31 December	
	2013	2012
	<i>(audited)</i>	
	<i>(in € million)</i>	
Wages and salaries.....	12.4	10.1
Bonuses.....	34.1	18.0
Social security charges.....	1.3	1.3
Recruitment and other employee costs.....	3.0	3.8
Share-based payment transactions	0.3	0.1
Total personnel expenses.....	51.1	33.2

The increase was primarily due to an increase in bonuses from €18.0 million in 2012 to €34.1 million in 2013, as the result of higher profit before tax in 2013. For more information on our variable compensation, see "*—Key Factors Affecting Results of Operations—Fixed and variable costs*". In addition, the increase was the result of higher headcount (203 employees as of 31 December 2013 compared to 178 employees as of 31 December 2012) as part of the growth of our business, primarily in Europe. This resulted in an increase in wages and salaries from €10.1 million in 2012 to €12.4 million in 2013.

Depreciation of property and equipment

Depreciation of property and equipment increased by €0.8 million, or 23%, from €3.0 million in 2012 to €3.8 million in 2013.

Amortization of intangible assets

Amortization of intangible assets remained stable at €0.3 million in 2012 and €0.3 million in 2013.

Write off of (in)tangible assets

Write off of (in)tangible assets increased by €0.1 million, or 85%, from €0.2 million in 2012 to €0.3 million in 2013.

Other expenses

Our other expenses increased by €4.1 million, or 18%, from €22.5 million in 2012 to €26.6 million in 2013. The increase was mainly due to an increase in IT costs and licensing from €17.3 million in 2012 to €20.2 million in 2013 principally as the result of our purchase and installation of additional data lines which provide us with market data.

Operating expenses

For the reasons provided above, our operating expenses increased by €23.0 million, or 39%, from €59.1 million in 2012 to €82.1 million in 2013. The increase was primarily the result of the increase in bonuses, which were 42% and 30% of our operating expenses in 2013 and 2012, respectively. Excluding bonuses, our operating expenses increased by €6.8 million, or 16%, from 2012 to 2013.

Tax expense

Tax expense increased by €3.4 million, or 87%, from €3.9 million in 2012 to €7.4 million in 2013. The increase was due principally to a higher current tax expense in 2013 as a result of the increase in our

operating result from €32.1 million in 2012 to €61.2 million in 2013. Our effective tax rate remained stable at 13% in 2012 compared to 12% in 2013. See also "Key Factors Affecting Results of Operations—Effective tax rate" and note 12 of our Special Purpose Financial Statements.

Profit for the period

For the reasons provided above, profit for the period increased by €25.9 million, or 93%, from €27.7 million in 2012 to €53.6 million in 2013.

Liquidity and Capital Resources

General

Our principal sources of funds have been liquidity provided by our prime brokers through uncommitted credit lines and margin financing, as well as cash generated from our operating activities. As of 31 March 2015, we held €4.5 million in cash and cash equivalents compared to €9.9 million as of 31 March 2014. These balances are maintained primarily to support operating activities, including ensuring that we have sufficient short-term access to liquidity, and capital expenditures.

We maintain a highly liquid balance sheet, with a large portion of our total assets consisting of cash, highly liquid marketable securities and short-term trading receivables (arising from securities transactions). As of 31 March 2015, 99.3% of our total assets were financial assets held for trading and trading receivables compared to 99.1% as of 31 December 2014.

We actively manage our liquidity on an intra-day basis and maintain significant portfolio financing facilities with our prime brokers in order to facilitate our trading. These facilities are secured by our cash and cash equivalents, as well as all financial assets in accounts held at the respective prime broker. We have no outstanding borrowings other than borrowings outstanding under our portfolio financing facilities with prime brokers. See also "*Contractual Obligations*".

Capital requirements

Our regulators and prime brokers require us to maintain certain levels of capital. We manage our capital 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

Our prime brokers require us 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" with both intended to ensure sufficient levels of risk allowances) and have different limits on excess capital, pre-funding possibilities and cut-off times for wiring capital. We believe that the aggregate capital we are required to maintain by our prime brokers is significantly in excess of our actual risk exposure, principally due to (i) the offsetting legs of a transaction are sometimes cleared through different prime brokers and therefore each leg requires a margin to be posted independently, irrespective of the overall risk exposure to our business and (ii) margin requirements of our prime brokers are 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:

	As of 31 December		
	2014	2013	2012
		(unaudited)	
		(in € million)	
Net liquidity at ABN Clearing	133.1	84.8	70.0
Net liquidity at BAML.....	59.2	64.7	43.0
Net liquidity at other banks	9.7	9.7	6.0
Cash at bank.....	2.3	9.5	2.1
Net liquidity.....	204.3	168.7	121.1

	As of 31 December		
	2014	2013	2012
		(unaudited)	
		(in € million)	
Required margin to be posted ⁽¹⁾	(113.9)	(71.6)	(89.7)
Excess liquidity	90.4	97.1	31.4

⁽¹⁾ As of 31 December 2014, margin required to be posted by our prime brokers was €57.4 million for Flow Traders B.V. (€114.8 million was available), \$52.6 million for Flow Traders U.S. LLC (\$73.0 million was available) and S\$20.9 million for our trading subsidiary in Singapore (S\$45.1 million was available).

We have met all prime broker minimum capital level requirements historically with a substantial margin above the required levels for all offices. As of 31 December 2014, prime broker excess for our Amsterdam trading subsidiary was €57 million, for our New York trading subsidiary was \$20 million and for our Singapore trading subsidiary was S\$24.2 million.

Regulatory capital requirements

Our consolidated Group 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. In Singapore, there are no formal regulatory capital requirements. As of 31 December 2014, regulatory excess for our Amsterdam trading subsidiary was €57 million (the same as our prime broker excess) and for our New York trading subsidiary was \$10.7 million. All of our available capital in Singapore can be interpreted as regulatory capital excess.

Failure to comply with regulatory capital requirements could result in sanctions, including citations, fines, limits to our trading and revocation of a regulatory license. See *"Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—Significant and changing regulation as well as the implementation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects"*.

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 the "haircut" calculated by our prime brokers. 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:

	As of 31 December		
	2014	2013	2012
		(unaudited)	
		(in € million)	
Flow Traders B.V. ⁽¹⁾			
Regulatory capital.....	114.8	88.8	67.6
Regulatory capital requirement.....	57.4	41.0	56.7
Excess regulatory capital	57.4	47.8	10.9
Group			
Regulatory capital.....	180.5	161.5	105.4
Regulatory capital requirement.....	84.3	66.3	66.1
Excess regulatory capital	96.2	95.2	39.3

⁽¹⁾ The 2013 and 2012 data are shown for comparison purposes only, as if the capital requirements that came into force at 1 January 2014 were also applicable during such prior period. Prior to that date, Flow Traders B.V. and the Group were subject to a regulatory capital requirement of €730,000.

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:

	As of 31 December		
	2014	2013	2012
		(unaudited)	
		(in \$ million)	
Flow Traders U.S. LLC			
Regulatory capital.....	37.6	47.3	22.0
Regulatory capital requirement.....	26.9	25.3	9.4
Excess regulatory capital	10.7	22.0	12.6

During the second quarter of 2015 we amended the manner in which we calculate our regulatory capital requirements following the SEC's routine exam. We believe this amendment is of a technical nature and will not have a material impact on our day-to-day operations. See also "*Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—Significant and changing regulation as well as the implementation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects*".

Singapore regulatory capital requirements

Our Singapore trading subsidiary is exempt from regulatory capital requirements and therefore available capital can be interpreted as the amount of capital in excess of regulatory capital. Available excess (equal to the amount of capital in excess of the prime broker requirements) can be used for other purposes within the Group, including covering capital requirements (prime broker or regulatory) in other offices.

Cash flows

The following table sets forth our consolidated cash flows for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2015	2014	2014	2013	2012
	(unaudited)		(audited)		
			(in € million)		
Cash generated from operating activities	15.5	1.2	60.2	27.6	24.1
Net cash used in investing activities.....	(2.3)	(0.8)	(6.7)	(6.1)	(6.0)
Net cash from (used in) financing activities.....	(11.1)	-	(60.8)	(14.1)	(42.5)
Net change in cash and cash equivalents	2.2	0.4	(7.2)	7.4	(24.4)
Cash and cash equivalents at 1 January.....	2.3	9.5	9.5	2.1	26.5
Cash and cash equivalents at end of period.....	4.5	9.9	2.3	9.5	2.1

Cash generated from operating activities

Cash generated from operating activities was €15.5 million in the first three months of 2015 compared to cash generated from operating activities of €1.2 million in the first three months of 2014. The change was primarily driven by an increase in profit for the period from €13.2 million in the first three months of 2014 to €30.7 million in the first three months of 2015.

For the year ended 31 December 2014, cash generated from operating activities was €60.2 million compared to €27.6 million in 2013. The increase was primarily driven by an increase in profit for the year

from €53.6 million in 2013 to €67.9 million in 2014. In 2014 and 2013, our working capital increased. Changes in our working capital increased by €17.2 million in 2014 and €28.8 million in 2013. The larger increase in 2013 was driven mainly by movements in our net trading assets. In general, as our trading volumes increase, our net trading assets increase, as does our working capital.

Cash generated from operating activities was €27.6 million in 2013 compared to €24.1 million in 2012. The increase was primarily driven by an increase in profit for the year from €27.7 million in 2012 to €53.6 million in 2013. This, in turn, resulted in higher provisions set aside for the deferred variable compensation payments in 2013. These increases were offset partially by a larger increase in our changes in working capital from a €6.5 million increase in 2012 to a €28.8 million increase in 2013 as the result of an increase in net trading assets.

Net cash used in investing activities

Net cash used in investing activities was €2.3 million in the first three months of 2015 compared to €0.8 million in the first three months of 2014. The increase was due primarily to an increase in the acquisition of property and equipment as part of our regular business activities from €0.6 million in the first three months of 2014 to €2.2 million in the first three months of 2015.

For the year ended 31 December 2014, net cash used in investing activities was €6.7 million compared to €6.1 million in 2013. The increase was due mainly to an increase in the acquisition of property and equipment as part of our regular business activities from €5.8 million in 2013 to €6.1 million in 2014.

Net cash used in investing activities was €6.1 million in 2013 compared to €6.0 million in 2012. While there was an increase in the acquisition of property and equipment as part of our regular business activities from €4.2 million in 2012 to €5.8 million in 2013, the increase in net cash used in investing activities from 2012 to 2013 was partially offset by a decrease in acquisitions of associates from €1.4 million in 2012 to €0.2 million in 2013 and further offset by fewer acquisitions of intangible assets.

Net cash from (used in) financing activities

In the first three months of 2015, net cash used in financing activities was €11.1 million compared to no cash used in financing activities in the first three months of 2014. This was the result of an outstanding dividend payable in 2014 that was paid out in the first three months of 2015, while no dividends were paid in the first three months of 2014.

For the year ended 31 December 2014, net cash used in financing activities was €60.8 million compared to €14.1 million in 2013 as a result of higher dividends paid in 2014.

Net cash used in financing activities was €14.1 million in 2013 compared to €42.5 million in 2012 as a result of lower dividends paid.

Contractual obligations

In connection with our operating activities, we enter into certain contractual obligations. The following table sets forth the cash payments associated with our contractual payment obligations as of the date indicated:

As of 31 March 2015					
Payments due by period					
Receivable/ payable on demand	Within 3 months	3 months to 1 year	Thereafter	Total	
		(unaudited)			
		(in € million)			
Financial liabilities held for trading ⁽¹⁾	2,692.4	—	—	—	2,692.4
Trading payables ⁽²⁾	2,238.4	—	—	—	2,238.4
Bonus payables ⁽³⁾	—	—	32.3	11.3	43.6
Other payables ⁽⁴⁾	25.7	0.4	1.0	—	27.1
Total	4,930.8	25.7	32.7	12.3	5,001.5

⁽¹⁾ Financial liabilities held for trading comprise short positions in equity securities as part of our trading.

- (2) Trading payables comprise payables for securities bought, which represents amounts payable for securities purchased, but not yet settled, as well as borrowings from our portfolio financing facilities with prime brokers.
- (3) Bonus payables comprise the portion of employee variable compensation that is payable in two instalments. One half is paid shortly after the end of the year to which it relates and half is deferred for a year during which it is fully at risk for any negative operational result.
- (4) Other payables comprise all other contractual obligations, including dividends payable and taxes payable.

We maintain portfolio financing facilities (as described below) with our prime brokers to facilitate our trading activities, i.e. to finance the purchase and settlement of financial instruments. The drawn amounts on these facilities continuously fluctuate based on our trading positions at any given moment.

Our trading subsidiaries (Flow Traders B.V., Flow Traders U.S. LLC and Flow Traders Asia Pte Ltd) entered into interest-bearing credit facilities with ABN Clearing, totalling €2.0 billion (increased to €2.25 billion in early May 2015). In addition, they entered into interest-bearing credit facilities for portfolio margin financing with BAML. These facilities are for an indefinite term and 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 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. For more information on our capital requirements, see "*Liquidity and Capital Resources—Capital requirements*".

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.

Pursuant to the main covenants included in our facilities we are 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) and a maximum securities position of 2% of the free float of the relevant class of equities. In addition, they require us to maintain a solvency ratio of at least 4%.

We are also required 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. Our prime brokers also require us to maintain certain authorizations and memberships required in order to conduct our business, and comply with all applicable laws, rules and regulations. In addition, the covenants in the facilities require us to remain solvent and place restrictions on mergers and disposition of our assets outside the ordinary course of our business.

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. For more information on our facilities with prime brokers, see "*Business—Material contracts—Clearing and prime brokerage agreements*".

Derivatives

We enter into various derivative transactions. These derivative financial instruments include futures, forward contracts, and occasionally exchange-traded options. These derivative financial instruments are used to conduct trading activities and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

Futures and forward contracts provide for delayed delivery of the underlying instrument or for cash settlement. In situations where we write listed options, we receive a premium in exchange for giving the buyer the right to buy or sell the security at a future date at a contracted price. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not necessarily reflect the amounts at risk. Futures contracts are executed on an exchange, and cash settlement is made on

a daily basis for market movements, typically with a central clearing house as the counterparty. Accordingly, credit risk for futures contracts arises only *vis-a-vis* the central clearing house and is therefore considered to be close to zero. The credit risk for forward contracts, options, and swaps is limited to the unrealized market valuation gains recorded in the statements of financial condition. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces, such as volatility and changes in interest and foreign exchange rates.

Financial Position

The following table sets forth our consolidated financial position for the periods indicated:

	As of 31 March	As of 31 December		
	2015	2014	2013	2012
	(unaudited)	(audited)		
		(in € million)		
Total assets	5,184.8	3,322.3	2,911.9	2,193.6
<i>thereof</i> Cash and cash equivalents	4.5	2.3	9.5	2.1
<i>thereof</i> Financial assets held for trading.....	3,239.5	2,796.1	2,303.7	1,860.4
<i>thereof</i> Trading receivables.....	1,907.5	495.7	575.7	311.1
Total liabilities	5,001.5	3,179.5	2,774.5	2,092.1
<i>thereof</i> Financial liabilities held for trading	2,692.4	2,334.3	824.8	915.7
<i>thereof</i> Trading payables.....	2,238.4	755.5	1,895.5	1,136.8
Total member capital accounts	183.4	142.8	137.3	101.6
Total member capital accounts and liabilities	5,184.8	3,322.3	2,911.9	2,193.6

Our total assets, which amounted to €5,184.8 million as of 31 March 2015 (31 December 2014: €3,322.3 million; 31 December 2013: €2,911.9 million; 31 December 2012: €2,193.6 million), comprise mainly financial assets held for trading and trading receivables. These assets are highly liquid marketable securities and short-term trading receivables (arising from securities transactions) and represent amounts due to us as part of our trading activities. Our financial assets held for trading are primarily long positions in equity securities that are listed on exchanges which we hold as part of our trading activities. As a result of the growth of our business (increase in our ETP value traded from €218 billion in 2012 to €379 billion in 2013 and €527 billion in 2014), our financial assets held for trading increased from €1,860.4 million as of 31 December 2012 to €3,239.5 million as of 31 March 2015. Trading receivables (and payables) represent amounts for securities sold (or bought), but not yet settled as at the reporting date, and fluctuate throughout the year based on the trading activity at a given time. As a result, trading receivables were much higher at €1,907.5 million as of 31 March 2015 compared to the amounts as of 31 December 2014, 2013 and 2012.

Our total liabilities, which amounted to €5,001.5 million as of 31 March 2015 comprise mainly financial liabilities held for trading and trading payables. These liabilities represent our obligations arising as part of our trading activities and are offset by our financial assets held for trading and trading receivables. Our financial liabilities held for trading are primarily short positions in equity securities that are listed on exchanges which we hold as part of our trading activities. As a result of the growth in the business, principally the increase in our ETP value traded, financial liabilities held for trading increased from €915.7 million as of 31 December 2012 to €2,692.4 million as of 31 March 2015. Trading payables fluctuate throughout the year based on the trading activity at a given time. As a result, trading payables were much higher at €2,238.4 million as of 31 March 2015 compared to the amounts as of 31 December 2014, 2013 and 2012.

Quantitative and Qualitative Disclosures about Market Risk

The Group has exposure to credit risk, market risk and liquidity risk, among others. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. For more information concerning market risks, see note 30 to our Special Purpose Financial Statements. For information on our risk management, see "Business—Risk management". See also "Risk Factors—Risks Related to Our Business".

Critical Accounting Estimates

The Group prepares its consolidated financial statements in accordance with IFRS. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ materially from these estimates.

The following sections describe accounting policies which, in our opinion, are affected most significantly by management's exercise of judgment and estimates in the preparation of our consolidated financial statements. For further discussion of these and our remaining accounting policies, see note 5 to our Special Purpose Financial Statements.

Valuation of financial instruments

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 recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised 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), then it may be reclassified if we have the intention and ability to hold the financial asset for the foreseeable future or until maturity; and
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

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.

When 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 recognised 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.

We value our 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. Our risk management department monitors whether all differences can be substantiated and whether the trading positions as recorded by our prime brokers correspond with our trading positions. As we seek to trade our positions delta neutral (i.e. all trading positions are hedged and thus the margin is locked in) we elect to opt for the portfolio measurement exception under IFRS 13.48-52 to mitigate our market risk (price risk). Under IFRS, Level 1 securities must reflect unadjusted prices. The theoretical prices we use reflect price adjustments under the portfolio measurement exception caused by the fact that

not all venues close daily at the same time. Therefore our daily trading positions cannot be reported as Level 1 securities and are classified as Level 2 in the fair value hierarchy.

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 is 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.

For information on the Group's valuation methodology and framework, see note 8 to our Special Purpose Financial Statements.

Impairment of non-derivative financial assets

A financial asset not classified as at fair value through profit and 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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in the capital member accounts to profit or loss. The cumulative loss that is reclassified from the member capital accounts to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any 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 recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Income recognition

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

Gross trading income includes all realized and unrealized income due to fair value changes on financial assets and liabilities held for trading, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets and foreign currency result. Fees related to the trading activities includes all fees paid directly related to the trading activities. Net financial expenses related to trading activities comprises interest expense on the trading credit facilities received.

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

INDUSTRY

Exchange Traded Products

Exchange Traded Products, or "**ETPs**" are passive investment vehicles that derive their value from an underlying portfolio of assets such as shares, bonds or commodities. Unlike mutual funds, ETPs are continuously tradable on an exchange during trading hours. ETPs have experienced significant growth in Assets under Management, trading volumes and adoption among institutional and retail investors. According to BlackRock Advisors (UK) Limited ("**BlackRock**") global ETP Assets under Management grew from \$598 billion in 2006 to \$2,797 billion in 2014.¹

ETPs provide 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 allow investors to create and manage diversified investment portfolios in an efficient manner and facilitate switching exposures at any given moment during trading days. Three major categories of ETPs include:

- Exchange Traded Funds ("**ETFs**"), which 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**"), which 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 may also be held through derivatives of the underlying in combination with cash.
- Exchange Traded Notes ("**ETNs**"), which are a type of unsecured, unsubordinated debt securities issued by an underwriting bank. The returns of ETNs are based upon 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.

According to BlackRock, Assets under Management by asset type were \$2,159 billion for equity ETPs, \$442 billion for fixed income ETPs and \$176 billion for commodity ETPs and other asset classes as of January 2015.²

ETPs have a number of attractive features that have led to their increasing adoption as investment products by both institutional and retail investors:

- Most ETPs are transparent in respect of their underlying assets and their relative weightings are fully disclosed.
- Most ETPs have a low cost structure (in terms of the total expense ratio ("**TER**"³)) as they apply passive investment strategies. These passive strategies do not entail stock picking or other active investment management activities which may be more expensive. Most ETP issuers clearly disclose associated costs on their website. By way of example, the SPDR S&P 500 ETF has a TER of 0.09%, the iShares Core MSCI Emerging Markets ETF has a TER of 0.18%, the Vanguard Total Bond Market ETF has a TER of 0.07% and the SPDR Gold Shares ETC has a TER of 0.40%.⁴
- Finally, ETPs are typically liquid as they can be continuously traded during trading hours, unlike mutual funds that have more limited, predefined transaction times. Liquidity providers such as Flow Traders quote bid and ask prices allowing ETP investors to enter and exit positions at any time during trading hours.

¹ Source: BlackRock Global ETP Landscape, Industry Highlights, January 2015.

² Source: BlackRock Global ETP Landscape, Industry Highlights, January 2015.

³ Typically calculated as the total annual cost of a fund to the investor divided by its total assets averaged over that year.

⁴ Source: TER as listed on the websites of the respective issuers.

ETP Market and Trends

ETP Assets under Management and inflows

According to BlackRock, global ETP Assets under Management grew from \$598 billion in 2006 to \$2,797 billion in 2014, reflecting a compounded annual growth rate ("CAGR") of 21%.⁵ As low-cost passive investment strategies continue to grow in popularity, ETP Assets under Management are widely expected to continue to exhibit robust growth. For example, BlackRock expects ETP Assets under Management to more than double to \$6 trillion by 2019,⁶ whilst Ernst & Young expects growth of 15-30% per annum globally over the coming four years.⁷ The expansion of the ETP industry accelerated worldwide and numerous records for investment inflows into ETPs were set in 2014, across asset classes and geographies.⁸ At the same time, the global annual net flows into mutual funds have experienced a significant decrease (see figure 3).

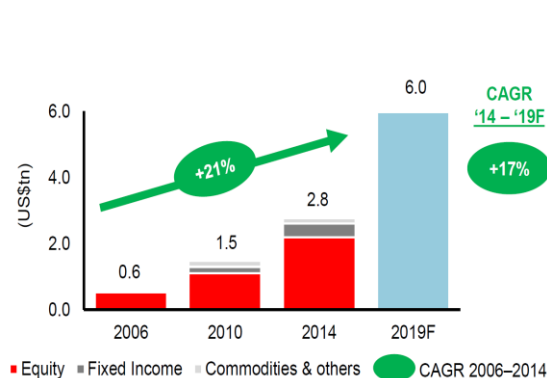


Figure 1 - Global ETP Assets under Management⁹

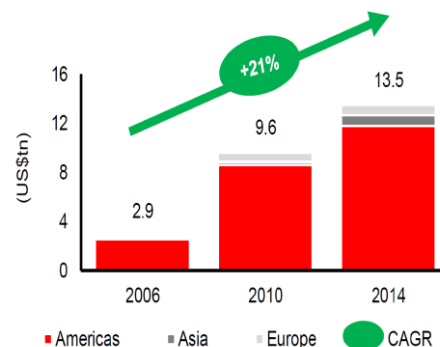


Figure 2 - Global ETP Value traded¹⁰

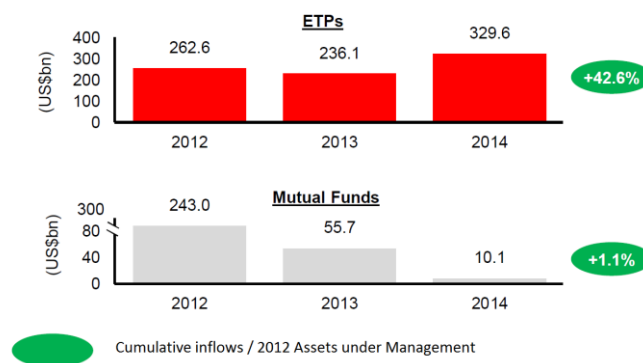


Figure 3 - Global Annual Net Flows¹¹

- ⁵ Source: BlackRock Global ETP Landscape, Industry Highlights, January 2015.
- ⁶ Source: BlackRock Global ETP Landscape, 2014 Year in Review, December 2014.
- ⁷ Source: Ernst & Young Global ETF Survey, January 2014.
- ⁸ C. Flood (2014), 'ETF industry booms in record-breaking year', Financial Times, 11 January 2015.
- ⁹ Source: BlackRock, Global ETP Landscape, January 2015, and BlackRock Global ETP Landscape, 2014 Year in Review, December 2014.
- ¹⁰ Represents value of ETPs traded on-exchange globally, per World Federation of Exchanges (WFE), London Stock Exchange Group (LSE), Borsa Italiana and Federation of European Securities Exchanges (FESE) data.
- ¹¹ Sources: BlackRock, Global ETP Landscape, Industry Highlights, January 2015, BlackRock, Global ETP Landscape, Industry Highlights, BlackRock, Global ETP Landscape, Industry Highlights,

In addition to the transparency, low cost and liquidity of ETPs, growth in ETPs has been, and continues to be, driven by a number of developments. These include the growing adoption of ETPs by investors previously not investing in ETPs (including retail investors in Europe), the increasing share of investment in ETPs as part of their portfolio by existing institutional investors globally,¹² the broadening variety of ETPs available to investors in terms of strategies and exposures, and the increasing flows of already extensive cross-border investment into ETPs.

Global ETP trading

All ETPs are listed on exchanges, where a large part of trading takes place. However, we believe that a significant part of ETP trading volume is traded off-exchange, for which limited reliable data is available given limited reporting obligations in many jurisdictions. On exchange, ETPs are traded on a variety of venues globally, including the global exchanges listed in figure 4 below.

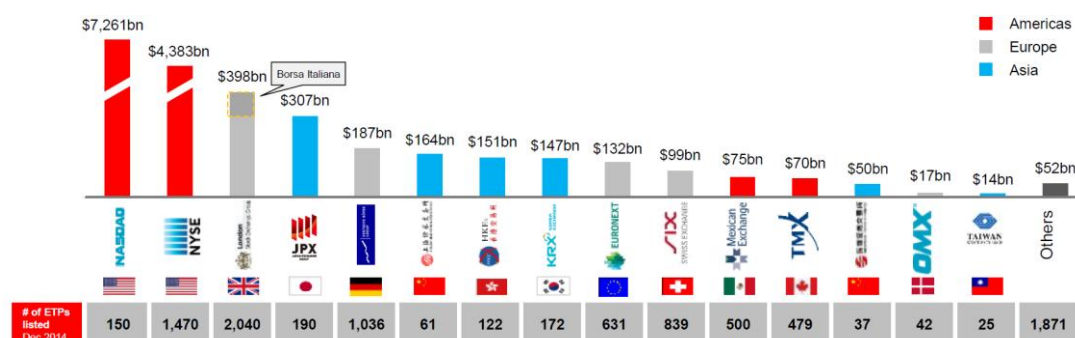


Figure 4 - 2014 on-exchange ETP trading volume by venue¹³

The strong proliferation of passive investing and the resultant adoption of ETPs has led to the growth in ETP trading volumes in line with the growth in global ETP Assets under Management.¹⁴ Since 2006, CAGR in on-exchange ETP trading across the three regions exceeded 21%, with Asia growing fastest at a CAGR of approximately 38%. The U.S. is the largest market by on-exchange ETP value traded, followed by the European market and Asian market respectively. As ETP Assets under Management continue to grow, we believe this will continue to drive further growth in ETP trading volumes globally.

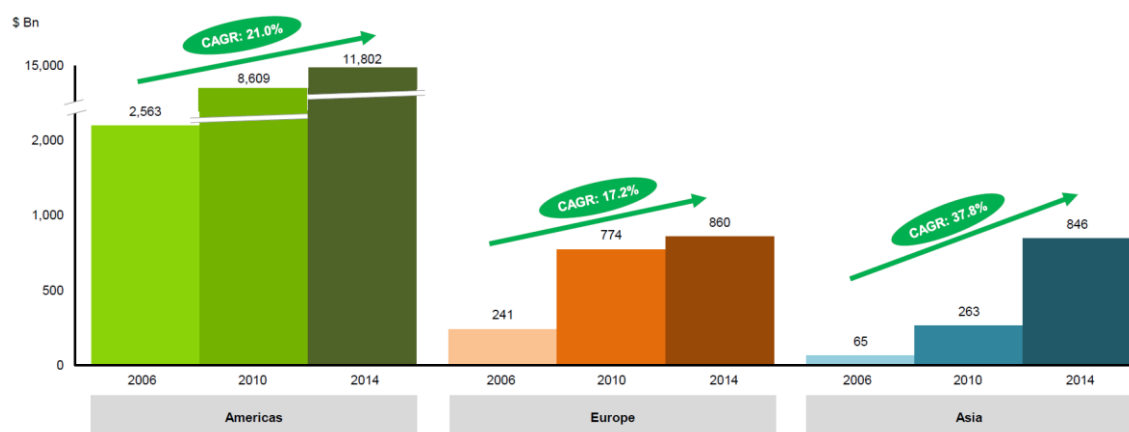


Figure 5 - Growth in on-exchange ETP value traded by region¹⁵

October 2013, BlackRock, Global ETP Landscape, Industry Highlights, October 2014 and BlackRock Global ETP Landscape, Industry Highlights, January 2015.

¹² Sources: BlackRock Global ETP Landscape, December 2014.

¹³ Source: World Federation of Exchanges, London Stock Exchange - ETF defined by World Federation of Exchanges as portfolio investment products that are admitted to listing or trading on a regulated exchange.

¹⁴ Source: World Federation of Exchanges, ETF defined as portfolio investment products that are admitted to listing or trading on a regulated exchange.

¹⁵ Represents value of ETPs traded on-exchange by region, per World Federation of Exchanges (WFE), LSE, Borsa Italiana and Federation of European Securities Exchanges (FESE).

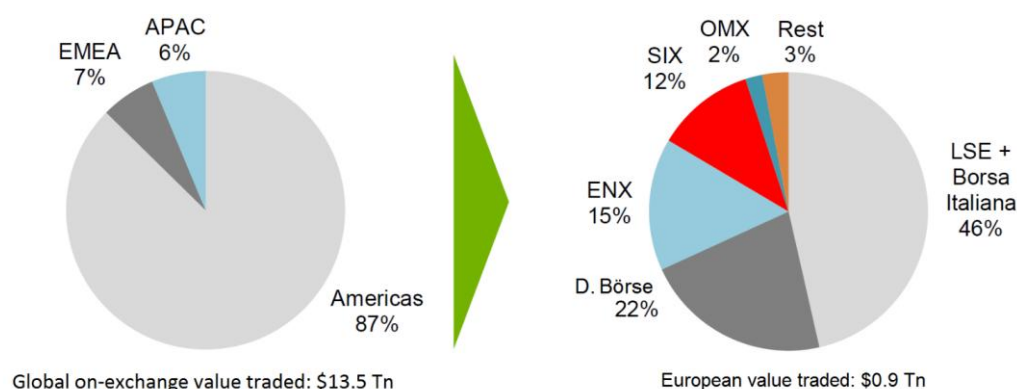


Figure 6 - Global on-exchange ETP value traded by region¹⁶

ETP trading volumes are highest in the U.S. where markets are characterized by relatively tighter bid-ask spreads, in particular for the most liquid ETPs such as the SPDR S&P 500 ETF. This reflects the trend that for mature markets and products the bid-ask spreads tend to be tighter and trading costs are typically lower (compared to less mature markets). However, we believe there remains potential for growth in the U.S. ETP market given the limited size of the ETP market (in terms of Assets under Management) compared to the asset management industry as a whole, and given increasing investor appetite for ETPs, from both institutional and retail investors, driven by increased sensitivity to more cost efficient asset management solutions. Our estimated market share of on-exchange ETP value traded as of December 2014 in the U.S. was 1%.¹⁷ In the U.S. ETP Assets under Management grew from \$1,349 billion in 2012 to \$2,007 billion in 2014, reflecting a CAGR of 22%, while the on-exchange ETP value traded grew from \$10 trillion to \$12 trillion during that same time period, reflecting a CAGR of 9%.¹⁸ Our New York office's total ETP value traded grew from €44 billion in 2012 to €223 billion in 2014, reflecting a CAGR of 126%.

The European ETP market is the second biggest market after the U.S. Bid-ask spreads in Europe are on average generally wider in comparison to the U.S. due to a more fragmented financial market structure. Despite this, trading costs are slightly higher but still relatively low. The European ETP market grew substantially over the last decade, despite the challenging macroeconomic environment, and continues to grow: in Europe, ETP Assets under Management grew from \$367 billion in 2012 to \$457 billion in 2014, reflecting a CAGR of 12%, while on-exchange ETP value traded grew from \$677 billion to \$860 billion during that same period, reflecting a CAGR of 13%.¹⁹ The total ETP value traded by our Amsterdam office grew from €165 billion in 2012 to €270 billion in 2014. Monthly trading value of ETPs on European exchanges has increased from €5 billion in December 2004 to €47 billion in March 2014, representing a CAGR of 28%. Our estimated market share of double-counted on-exchange ETP value traded as of December 2014 in Europe was 13%.²⁰

In Asia, the ETP market is significantly fragmented and there are large differences in trading volumes, trading costs, regulation and maturity between financial markets in these countries. Trading costs are higher compared to the more mature U.S. and European markets while bid-ask spreads are typically wider. However, we believe that investor familiarity with ETPs and ETP adoption by investors is increasing, markets are maturing and expanding, and new markets are developing gradually, notably in India and China. Therefore, we believe the Asian ETP markets offer a strong potential for growth. In 2014 our estimated market share of on-exchange ETP value traded on venues on which we traded in Asia

¹⁶ Source: World Federation of Exchanges.

¹⁷ Sources: Flow Traders, World Federation of Exchanges.

¹⁸ Source: World Federation of Exchanges.

¹⁹ Source: World Federation of Exchanges.

²⁰ Source: exchanges data (LSE, Borsa Italiana, Deutsche Börse, Euronext and SIX). Double counting refers to counting both the buyers' volumes and the sellers' volumes, as a result of which each transactions' volume is counted twice.

was 8%.²¹ In Asia, ETP Assets under Management grew from \$127 billion in 2012 to \$201 billion in 2014, reflecting a CAGR of 26%, while the on-exchange ETP value traded grew from \$341 billion to \$846 billion during that same period, reflecting a CAGR of 57%.²² Our Singapore office's total ETP value traded grew from €10 billion in 2012 to €34 billion in 2014, reflecting a CAGR of 83%.

The ETP ecosystem

ETP Market Participants

Participants in the ETP ecosystem include investors, ETP issuers, exchanges, liquidity providers and Authorized Participants, such as Flow Traders, which together facilitate the investing in and the trading of ETPs. The ETP ecosystem is divided into the primary market and the secondary market.

The primary market for ETPs consists of the interaction between Authorized Participants and the issuers, where additional ETP units are issued ("created") and existing units are cancelled ("redeemed") as described further below. The secondary market for ETPs is characterized by the trading of existing ETP shares between market participants, similar to the trading of ordinary shares, at market-determined prices. Secondary market participants include institutional and retail investors.

Liquidity providers, such as Flow Traders, serve a critical role in maintaining and improving the overall transparency and efficiency of this ecosystem through continuously quoting bid and ask prices for ETPs against which market participants can trade. They facilitate the effective and efficient risk transfer between market participants, thereby facilitating the smooth functioning of ETP markets and eliminating pricing irregularities. Liquidity provision makes it easier for investors to efficiently manage their portfolios and results in higher execution probability and lower trading costs.

Authorized Participants are market participants who have agreements in place with ETP issuers, which enable them to take part in the creation and redemption processes described below. Through these processes, the primary and secondary markets are connected. In addition to being a liquidity provider, Flow Traders is an Authorized Participant for over 25 ETP issuers reflecting more than 80% of the worldwide ETP Assets under Management²³. Major ETP issuers with whom we have entered into such agreements include BlackRock (iShares), Deutsche Bank (db X-Trackers), ETF Securities, Société Générale (Lyxor), PowerShares, Source ETFs, State Street Global Advisors (SPDR), Vanguard and WisdomTree.

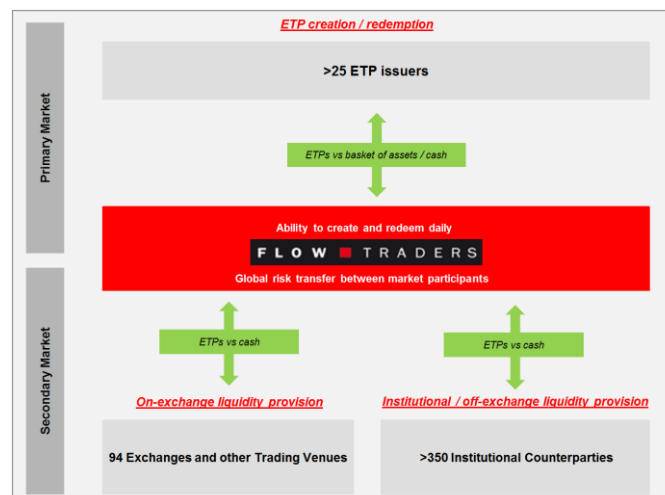


Figure 7 – Flow Trader's role in the ETP ecosystem

²¹ Based on market share data of the Australian Stock Exchange, the Hong Kong Stock Exchange, the Japan Exchange Group and the Singapore Exchange.

²² Sources: Blackrock, World Federation of Exchanges.

²³ Source: BlackRock Global ETP Landscape, Industry Highlights, January 2015.

ETP Creation and Redemption

ETP issuers issue and cancel ETPs through processes called 'creation' and 'redemption' involving Authorized Participants. The ETP creation and redemption processes can increase and decrease, respectively, the number of outstanding shares in an ETP. This occurs in reaction to market demand for or supply of the respective ETP. Since ETPs are typically structured as open-ended funds, additional shares can generally be issued and redeemed on a daily basis. Authorized Participants can create ETPs directly with the issuer by delivering the corresponding underlying assets and/or an amount in cash to the ETP issuer in return for receiving new ETPs. The delivered assets in the case of ETP creation accrue to the Assets under Management of the ETP. 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. Independent, efficient and competitive liquidity provision by liquidity providers such as Flow Traders therefore helps issuers with the distribution of their ETPs while investors benefit from tighter spreads, higher transparency and wider availability of ETPs.

ETP redemption is the reverse of the creation process, whereby the Authorized Participants may offer an ETP back to its issuer in exchange for the portfolio of underlying assets and/or a cash payment. As a result of this transaction, the ETP's Assets under Management decrease proportionally to the number of ETP shares redeemed.

Creations and redemptions may usually only take place for large amounts of ETP units, often 50,000 or 100,000 shares, or in multiples thereof. This helps to limit the administrative burdens of primary market activity to issuers, contributing to the low-cost nature of ETPs.

Through the creation and redemption processes, Authorized Participants play a vital role in the change in ETP Assets under Management. As the demand for ETPs increases, an Authorized Participant can create new shares to satisfy this demand. As creation and redemption usually occurs at net asset value of the underlying assets, the creation and redemption processes contribute to keeping the market prices of ETPs at or close to their fair value. For this same reason, creations and redemptions themselves do not typically generate revenues for Authorized Participants. For Authorized Participants, these processes allow them to effectively and efficiently manage their positions on a daily basis and maintain pricing in an effective manner in all market circumstances.

If a liquidity provider is not an Authorized Participant, it cannot source ETPs directly from their issuer or redeem ETPs directly with their issuer. However, a liquidity provider may source ETPs by buying them from other market participants in the secondary market or by borrowing ETPs in the borrowing and lending market. Such transactions, however, do not affect the number of outstanding ETPs or the Assets under Management of an ETP, unlike in the case of a creation or a redemption.

BUSINESS

Overview

We are a leading, technology-enabled liquidity provider operating on a global scale that specializes in ETPs. In terms of the total value of on-exchange ETP trades in Europe we consistently hold a leading position and for many years we have been recognized by the ETP industry as the leader in ETP liquidity provision in Europe and the Asia-Pacific region. We enable investors to buy and sell ETPs efficiently by quoting bid (buying) and ask (selling) prices. This contributes to more efficient and transparent securities markets. Through provision of liquidity, market participants benefit from increased liquidity, higher execution quality and lower overall trading costs.

We provide liquidity in a wide range of ETPs across the globe, tracking all asset classes including equities, fixed income, commodities, currencies, and other asset classes. Our focus on ETPs, combined with our access to financial markets globally, our proprietary technology and risk management platforms and our low cost structure, enables us to provide liquidity in a competitive manner.

We provide liquidity by quoting bid and ask prices for over 4,000 ETP listings in various categories (ETFs, ETCs and ETNs), we trade in over 11,000 financial instruments and we have access to 94 trading venues in 32 countries around the world including NYSE Arca, the BATS Exchanges, Nasdaq, Euronext, Deutsche Börse, London Stock Exchange, Borsa Italiana, SIX Swiss Exchange, Japan Exchanges and Hong Kong Stock Exchange. We have market making agreements in place with exchanges and issuers where we commit to provide liquidity for 2,724 ETP listings. ETPs, like other listed securities, can also be traded off-exchange among professional counterparties. Therefore, in addition to providing liquidity on exchanges and on other trading venues, we also provide liquidity in ETPs off-exchange on a request-for-quote basis to over 350 institutional counterparties such as banks, asset managers, pension funds, insurance companies, family offices, hedge funds and others in over 20 countries. We also provide liquidity in similar instruments whose value is proportionally affected by a change in the value of their underlying assets.

Our net trading income is driven by the very small differences between the prices at which investors are willing to buy (or sell) ETPs (or other financial instruments) from (or to) us and the prices we pay (or receive) for the underlying or related financial instruments. This is described in more detail below. While net trading income per individual trade is typically very low, the large number of transactions and volumes we transact cumulatively lead to sizeable net trading income per annum.

We trade as a principal. We do not have clients, nor do we provide any investment services or ancillary services, such as brokerage or investment advice, to any third party. Our strategies are not designed to use information from dark pools and we use fairly simple, non-controversial and transparent order types. Although exchanges sometimes offer discounted trading costs to liquidity providers, including ourselves, we do not seek to execute trades just to lock in certain rebates or receive other benefits from exchanges. We do not operate an agency business nor do we pay for order flow. Some market participants send orders from their clients to a particular other market participant in exchange for receiving a fee. We do not engage in such practices. We refer to our liquidity provision activities as being "market neutral", which means that our results do not depend on the direction of market prices once we have fully hedged a trade. See "Business-How we generate income and manage market exposure as a liquidity provider". Our efforts to be "market neutral" mean that we seek to have zero net exposure and seek to reduce market risk to the absolute minimum, by fully and immediately hedging our positions or, if a full or immediate hedge is not available, by hedging such positions to the fullest extent possible. We do not speculate. Rather, we seek to eliminate the market risk of our positions through effective hedging. As a result, we have only incurred 24 loss-days in the last five years and just one in the last two and a half years. In spite of our risk-averse strategy and our policy to seek full and immediate hedges on all of our trades, our trading and hedging strategies may entail residual risks. See also "*Risk Factors - Risks Related to Our Business - We are susceptible to operational risks, which could lead to losses*".

History

Flow Traders was founded in 2004 to capitalize on opportunities presented by the emergence and growing popularity of ETPs in Europe. By 2007, we provided liquidity in ETPs and related financial instruments on all major European exchanges. In 2007, our first international office was set up in Singapore to improve access to markets and opportunities in the Asia-Pacific region. In 2008, funds affiliated with

Summit Partners acquired a 30% stake in the Company from the founders and employee shareholders. In 2009, we opened our New York office to strengthen our presence in U.S. markets. In 2010, we acquired a niche software development company in order to further strengthen our software development capacity.

For purposes of the Offering, the Company will, through the execution of the Deed of Amendment (as defined herein), be converted from a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) into a public company with limited liability (*naamloze vennootschap*). See "Description of Share Capital—General".

Our competitive strengths

High-growth underlying market driven by secular shifts in the asset management industry

We believe that there are significant opportunities for growth as we expect additional expansion from the widely-anticipated further growth of the ETP industry. As set out under *ETP Market and Trends*, the ETP market has been, and is expected to continue to be, characterized by a high growth of Assets under Management and ETP value traded. This growth is driven by (i) the shift by investors from active to more cost-efficient passive asset management strategies, (ii) increasing global ETP adoption among institutions, intermediaries and retail investors, (iii) the secular shift driven by regulators aiming at increasing financial stability and transparency, and (iv) global electrification of trading to minimize costs and maximize efficiency and transparency.²⁴

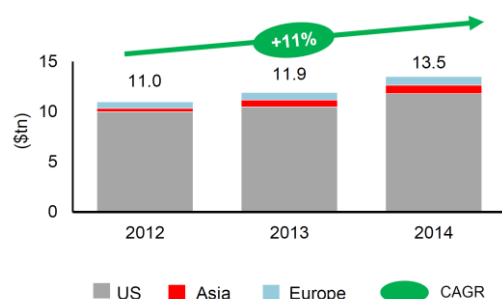


Figure 8 - Global ETP Value Traded²⁵

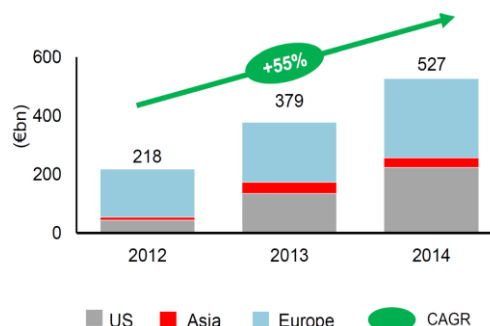


Figure 9 - Flow Traders ETP Value Traded²⁶

Although the continued growth in on-exchange ETP value traded has been an important driver in the growth of Flow Traders, figures 8, 9 and 10 show that Flow Traders has exceeded this growth over the past three years in each of its businesses in Europe, the U.S. and Asia-Pacific.

2012-2014 CAGR (%)	Industry	FLOW TRADERS	Outperformance (Δ)
Global	11%	55%	+44%
Europe	13%	28%	+15%
US	9%	126%	+117%
Asia	57%	83%	+26%

Figure 10 - ETP Value Traded: Flow Traders versus Industry²⁷

In Europe, we believe there are opportunities to expand our presence further in all areas of ETP trading and, in particular, room for asset classes such as fixed income and alternative equity ETPs (e.g. minimum

²⁴ Sources: Blackrock Global ETP Landscape, 30 November 2014; ETF 2020, Preparing for a new horizon, June 2014; Greenwich Associates, 2014 Greenwich Leaders: Global Foreign Exchange Services, Q1 2014; EY Global ETF Survey, January 2014; Citi Research, ETF Perspectives, 5 January 2015; Deutsche Bank Markets Research, ETF Annual Review & Outlook, 26 January 2015; and CIBC Institutional Equity Research, Industry Update, 15 January 2015.

²⁵ Source: World Federation of Exchanges, value of ETPs traded on-exchange for select exchanges.

²⁶ Source: World Federation of Exchanges, reflects on-exchange and institutional volume (i.e. excludes primary market volume).

²⁷ Industry ETP value traded represents total on-exchange value traded as per World Federation of Exchanges (WFE), LSE, Borsa Italiana and Federation of European Securities Exchanges (FESE).

volatility and actively managed ETPs). In the U.S., where our current penetration 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 opening up (such as India and China) by capitalizing on our experience and existing relationships. In general, we believe markets in Europe, where electronification has penetrated less than half the market, and Asia-Pacific, where electronification is minimal, will experience accelerated growth over time.

Critical component of the ETP ecosystem

As set out in *Industry - The ETP Ecosystem*, Flow Traders plays an important role and forms a critical component of the ETP ecosystem. As an Authorized Participant for over 25 issuers we can create and redeem ETPs. In the course of providing liquidity, we benefit from the economies of scale by aggregating flow from all market participants which allows us to discuss broad market feedback with ETP issuers. In addition, our role in the ecosystem allows us to facilitate the distribution of ETPs by their issuers, fostering growth in issuers' Assets under Management by providing pricing efficiency, accessibility, and global trading capacity in their ETP products. We do this by using our specialist ETP trading infrastructure to provide liquidity globally. Our dedicated, formalized relationships with issuers' sales execution teams for creating and redeeming ETPs and our experience as a global and independent liquidity provider, allow us to quote prices accurately and efficiently. We are also a critical component of secondary markets, where our deep market knowledge and ability to trade with all market participants and across all asset classes has resulted in broad industry recognition. Our scale and connectivity has been cultivated over more than a decade, allowing us to facilitate liquidity to all market participants in the primary market as well as the secondary market both on and off-exchange.

Leading, technology-enabled ETP-focused liquidity provider

Flow Traders has been recognized by the ETP industry as a leader in ETP liquidity provision for many years. We were voted "ETF Market Maker Europe" for eight consecutive years in the Global ETF Awards from 2007 through 2014. We received the equivalent distinction in Asia as "ETF Market Maker Asia-Pacific" for three consecutive years from 2011 through 2013. Furthermore, we were voted "Number 1 Trading House for ETFs" in the ETF Risk European Rankings in both 2013 and 2014. Finally, we were voted "Best Asian Market Maker" by ETF Express in 2013 as well as "Best European Market Maker" by ETF Express in 2013, 2014 and 2015. 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 as shown below in figure 11.

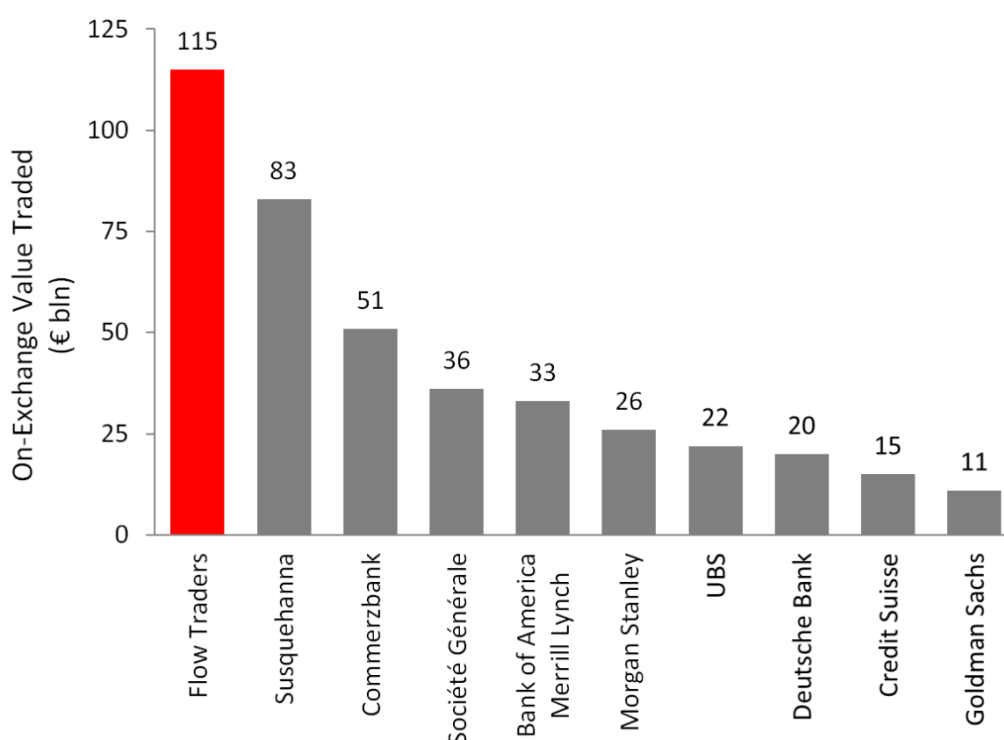


Figure 11 - Value of Flow Traders on-exchange ETP trades in Europe²⁸

Flow Traders commenced its institutional off-exchange ETP liquidity provision activities in 2008 and employed 12 institutional trading professionals at the end of 2014. The business has grown significantly with a significant increase in ETP value traded and number of transactions from 2012 to 2014, as depicted below in figures 12 and 13. We believe there will be significant growth opportunities in the U.S. and we expect a further proliferation of request-for-quote ("RfQ") platforms such as TradeWeb, RFQ-hub and Tradebook ETF RFQ. Since RfQ-platform trading is similar to on-exchange trading, in that the party posting best quotes (typically) wins the trading flow, increasing proliferation of RfQ-platforms works well with Flow Traders' pricing excellence and presents a significant growth opportunity. Additionally, RfQ-platforms allow Flow Traders to trade with new institutional counterparties in a less complex manner than would otherwise be necessary, as an institutional counterparty can simply choose to have their requests-for-quote made visible to Flow Traders for trading.

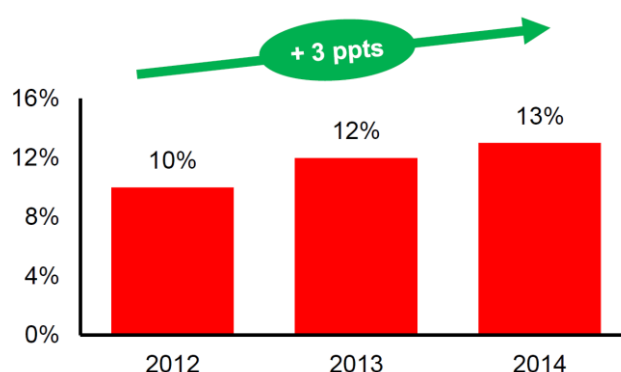


Figure 12 - Development European on-exchange market share Flow Traders²⁹

²⁸ Source: Flow Traders, Markit.

²⁹ Source: Flow Traders. Represents market share of European on-exchange ETP value traded as of December 2014: LSE, Borsa Italiana, Deutsche Börse, Euronext and SIX Flow Traders ETP value traded as of 31 March 2015 is €180 billion, of which €101.4 billion in Europe, €13.6 billion in Asia

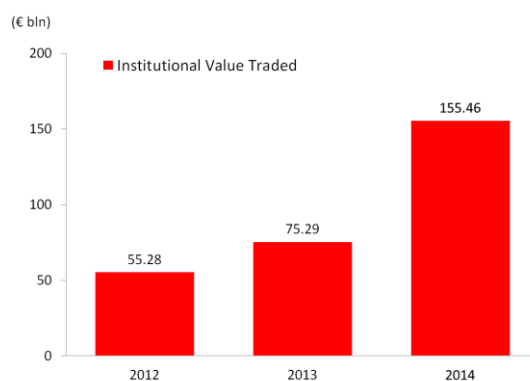


Figure 13 – Flow Traders value of off-exchange ETP trades

Given our global scale, we are able to trade ETPs in several underlying asset classes, across markets globally, 24 hours a day. Consequently, we are highly diversified geographically and across products, ETP issuers and exchanges. Our scale allows us to provide tighter quotes as it allows us to obtain information about the prices of underlying instruments and related securities. In addition we are able to hedge market risk in a vast number of underlying instruments and related securities which allows for more efficient risk management. For each of the regions in which we operate the total on-exchange ETP value traded, number of ETP listings for which we are an officially registered liquidity provider and our on-exchange ETP market share is set out in figure 14 below.

	U.S.	Europe	Asia-Pacific
Exchange ETP Value Traded by Region	\$ 11,802 bln	\$ 860 bln	\$ 846 bln
Flow Traders # ETPs Registered Liquidity Provider	338	2324	62
Flow Traders Market Share	1%	13%	8%

Figure 14 - Total ETP value traded, number of ETP listings for which Flow Traders is a recognized liquidity provider and on-exchange ETP market share per region^{30,31,32}

The breakdown of our traded volume by ETP asset class is largely in line with ETP Assets under Management and traded volumes globally. As a result of changing investor interests and the operation of supply and demand, this breakdown can change significantly from time to time. However, by way of illustration, the figure below shows a breakdown of our 2014 ETP value traded by asset class:

and €64.9 billion in the U.S. Flow Traders ETP value traded as of 31 March 2014 is €125.8 billion, of which €65.6 billion in Europe, €9.7 billion in Asia and €50.4 billion in the U.S.

³⁰ Exchange ETP Value Traded by Region represents value of ETPs traded on-exchange globally, per World Federation of Exchanges (WFE), LSE, Borsa Italiana and Federation of European Securities Exchanges (FESE) data.

³¹ Flow Traders Market Share represents Flow Traders' market share of on-exchange ETP value traded as of December 2014; Sources: US: consolidated tape; Europe: LSE, Borsa Italiana, Deutsche Börse, Euronext and SIX; Asia: ASX, SGX, HKSE, JPX.

³² Flow Traders Market Share Europe: as of 31 December 2012 and 2013, 10% and 12% respectively. As per convention, Europe market share is calculated as a percentage of double-counted value traded. Double counting refers to counting both the buyers' volumes and the sellers' volumes, as a result of which each transactions' volume is counted twice.

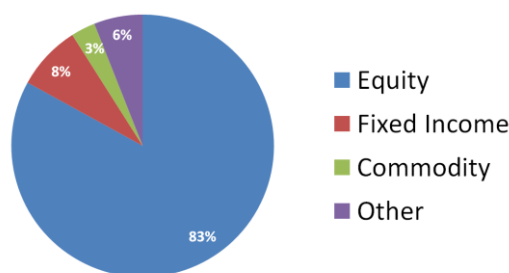


Figure 15 – Flow Traders 2014 ETP value traded per asset class

Equity ETPs form the largest part of the ETP universe, both in terms of Assets under Management and in terms of traded volume globally. In respect of equity ETPs, the vast majority of Assets under Management and ETP traded value relates to broadly diversified indices such as the S&P 500 (U.S. large-caps), MSCI EAFE (Europe, Africa and Far East broad market), Russell 2000 (U.S. broad universe), FTSE or MSCI broad Emerging Markets indices or the Euro Stoxx 50 Index (European large-caps). Although Assets under Management vary from time to time, equity ETPs related to developed markets equities typically comprise around 88% of equity ETP Assets under Management while equity ETPs related to emerging markets equities typically comprise around 12%.³³ Some thematic equity ETPs offer investors focused exposure to themes such as specific industries (including, for example, Financial Institutions, Energy or Consumer Goods) or other characteristics of underlying stocks (e.g. high-dividend, high-growth). However, volumes traded in respect of such thematic ETPs are fairly small compared to broadly composed equity ETPs and volumes and Assets under Management are dispersed across themes. ETPs classified as "other" in Figure 15 include ETPs relating to currencies and volatility indices.

Excellence in ETP Pricing Proven over a Decade of Trading Experience

We specialize in providing liquidity in ETPs. Pricing large numbers of ETP listings, in different currencies, across varying market conditions, in all time zones, at a profitable scale is a complex activity. Our extensive experience, gained over more than a decade of ETP liquidity provision, has allowed us to develop a thorough understanding of the various drivers that impact pricing of ETPs and similar instruments, across a very wide variety of market environments. Our experience provides us with in-depth knowledge of the various ETPs, their issuers, the markets in which they are traded and the rules applicable to such markets. With 74 trading professionals globally we have access to 94 trading venues in 32 countries and provide liquidity in over 4,000 ETP listings with the technological competitiveness required in modern financial markets. As at year-end 2014, our trading desks were supervised by three global and two regional heads of trading. Desks are staffed by multiple traders and are organized by asset class, geography or theme (such as blue chip, market sectors etc.). We trade high volumes efficiently with relatively tight spreads and consistent profitability due to economies of scale.

We have developed the expertise to accurately establish pricing relationships between the ETPs and the underlying assets or related instruments in a variety of market circumstances. The bid and ask prices we quote when providing liquidity are designed to cover our trading costs and aimed at locking in profit on every transaction. In addition, we typically employ pre-set hedging strategies which seek to instantaneously mitigate our market exposure by creating a market-neutral position in an automated manner. This allows us to trade ETPs and similar products in such a way that our net trading income is designed to be independent of the subsequent price movements of underlying or related securities. Since 2012, our median annual daily net trading income (i.e. the middle daily net trading income in a sorted list whereby the daily net trading incomes (as defined in "Definitions") have been arranged in value order from lowest to highest in a particular year) has consistently increased. Our median annual daily net trading income was €0.3 million in 2012, €0.5 million in 2013 and €0.5 million in 2014. In addition, as a result of our global scale and robust risk management, we have experienced only one loss day in the last two and a half years. In 2014, we had a cumulative negative daily net trading income (i.e. the sum of daily net trading income for those days in which there was a negative daily net trading income) of €1.3 million. That negative net amount occurred in the single loss day which we experienced in 2014.

³³ Source: Blackrock Global ETP Landscape, Industry Highlights, January-May 2015.

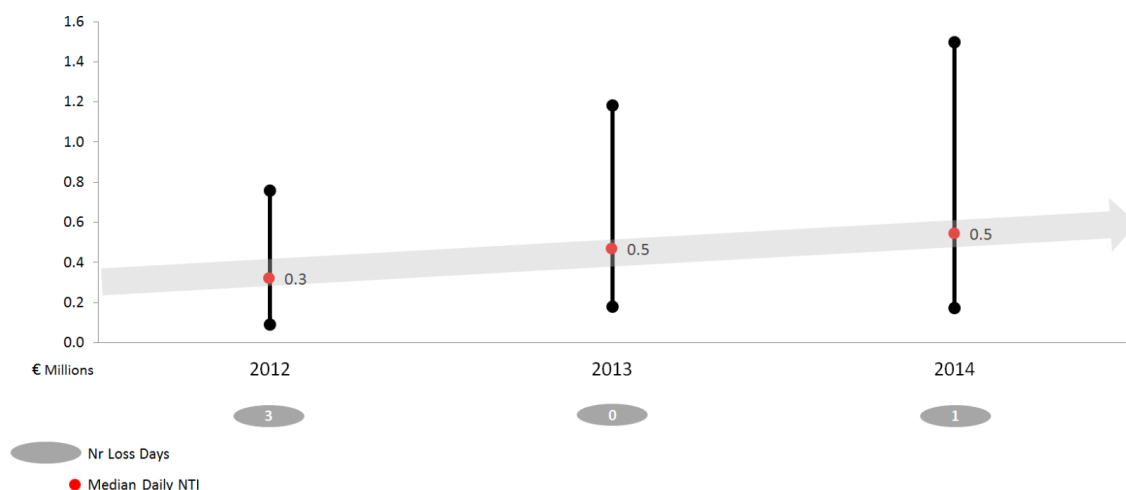


Figure 16 - Daily net trading income Flow Traders: 5th percentile, median and 95th percentile

Cutting edge proprietary technology platform

Technology is at the core of our business. Our proprietary and scalable technology is firmly embedded within our business and is closely linked to our risk and trading functions. We employ a cutting-edge, large-scale, global technology network. Our technology platform has been designed to provide low latency and high capacity, which allows us to provide liquidity in a myriad of market environments. Our global technology platform comprises over 1,100 machines and servers in 37 locations. The vast majority of our software applications is developed in-house and includes pricing and trading software, market data processing tools, pre-trade risk controls and other risk and compliance tools. Our IT and software development departments represent approximately one-third of our total staff.

Our technology platform has a modular design which allows us to rapidly test and implement ongoing enhancements. This modular design enables us to easily expand our coverage of securities, asset classes and geographical markets with low marginal costs. Our technology platform is designed to operate 24-hours a day, 7 days a week and is designed to be fully redundant. The development and deployment of new technology enhancements are subject to stringent internal quality assurance processes and are closely coordinated with senior professionals in trading, risk management, IT and software development.

Highly Robust, Real-Time Risk Management Framework

Our trading strategies are designed to be non-directional, non-speculative and market-neutral. The vast majority of our trades are relatively small in size. We seek to hedge positions precisely, instantaneously and automatically in order to minimize net exposure and market risk. We monitor our trades and positions, market exposure, portfolio efficiency and liquidity risk on a real-time basis. Our risk management system is fully integrated with our trading platform, analyzing real-time pricing data and ensuring that our order activity is conducted within strict pre-determined trading and position limits. We employ multiple internal lines of defense, including the trading professionals monitoring the net positions and limits, our risk management organization, and our compliance department. Our risk management system reconciles internal transaction records against those of our prime brokers and exchanges.

With regard to our off-exchange liquidity provisioning activities, we have strict on-boarding procedures, risk-management approval and ongoing monitoring in place for institutional trading counterparties. Further, substantially all of our off-exchange trades are settled by way of delivery-versus-payment, which means that the delivery of securities occurs simultaneously with payment by the buyer, thus limiting counterparty risk.

As a result of our robust risk management framework, cumulative negative daily net trading income was €2.0 million during the financial years from 2012 up to and including 2014, while net trading income for that period amounted to €407.2 million.

Highly Experienced Management and a Strong, Team-Driven Culture

Our management team comprises of individuals with diverse backgrounds and deep knowledge of, and experience in, the ETP trading industry. We have an entrepreneurial, innovative, team-oriented culture which incentivizes people to contribute to the firm overall rather than exclusively to their individual area of responsibility or trading results. Our culture is underpinned by disciplined risk-awareness at every level of the organization, and is also supported by our variable compensation structure whereby payment of half of the variable compensation is deferred for 1 year, during which it is fully at risk for any negative operational result. Firm-wide average total compensation per employee was €236,000 in 2013 and €262,000 in 2014, and the average tenure of senior employees is approximately seven years as of the date of this prospectus. Wages and salaries accounted for 27% and bonuses accounted for 73% of total compensation in 2013. In 2014, salaries accounted for 22% of total compensation while bonuses for 78%.

We believe in developing talent in-house and maintain a committed and substantial employee Shareholder base, resulting in low senior employee turnover. We stimulate the sharing of ideas and best practices through employee rotation both within and between our offices.

A leading, technology-enabled ETP-focused liquidity provider

As a result of the above, Flow Traders has become a leading, technology-enabled ETP-focused liquidity provider operating on a global scale, with strong historical financial performance. We operate a global platform benefiting from economies of scale, a cutting-edge technology platform and a robust real-time risk management framework. The Company has diversified its revenue streams across geographies, asset classes and products. As such, Flow Traders has been independently recognized as "ETF Market Maker Europe" for 2007 through 2014 and "ETF Market Maker Asia" for 2011 through 2013 in addition to various other awards and recognitions received.

Growth strategies

Capitalize on the secular growth in electronic trading and robust growth in the ETP industry

We believe that we are well-positioned to take advantage of the ongoing growth of the ETP industry, driven by various factors including the proliferation of passive investment strategies. In addition, we expect that global electronic trading volumes will continue to grow, driven by various factors including technology, globalization and the evolving regulatory environment. We expect that our ability to quote competitive bid and offer prices, facilitated by our proprietary and scalable technology platform and low cost structure, will continue to enable us to grow the business and our trading volume with limited incremental cost. In addition, periods of high volatility may provide additional upside potential.

Evolving Regulatory landscape and Structural Opportunities

We see recently introduced and currently pending regulations such as MiFID II, which encourages trading on-exchange as opposed to off-exchange, as a growth catalyst for the ETP industry as a whole. In general there is a regulatory drive for pre- and post-trade transparency in the financial system, encouraging trading on lit markets where, compared to dark pools, prices and volumes are more transparent. This regulatory drive encourages a level playing field for all market participants. We closely follow relevant regulatory developments globally in order to allow us to better anticipate regulatory changes and pre-emptively implement enhancements into our business. In addition, we are closely involved in major regulatory consultations, thereby improving the regulatory dialogue, benefiting the industry as a whole. The regulatory environment, the scale and pace of legislative proposals and the required timely implementation of new regulation provide for increased barriers to entry. In addition, key regulatory themes such as transparency and the shift from dark to lit trading benefit our business model as the obligation to publish all transactions will give more insight in the actual size of the ETP market and reveal the sources of the demand for liquidity, and is expected to give us access to a larger part of total ETP volume traded.

Leveraging our technology platform

We believe that we are well-positioned to leverage our proprietary, cutting-edge and scalable trading platform to drive our continued growth. Given the modular and scalable nature of our technology infrastructure and software, we can access new products and markets at low marginal costs. We believe our continuous in-house monitoring, managing, and improving of our platform will enable our liquidity provision strategies to be sustainably competitive. We plan to continue enhancing our technology platform and stay at the forefront of technological advancements and further expand our global scale.

Trading new products and accessing new markets

We believe that there is significant potential for growth in new and existing markets and products. In particular, we believe there are opportunities to expand further in the U.S., where the overall market opportunity is large and our penetration and product coverage is currently relatively limited. We aim to expand our business in selected U.S. ETPs and capitalize on the growth of niche ETPs such as actively managed ETPs. In Europe, we believe there are opportunities to further expand our presence, particularly in off-exchange markets in specific countries and on-exchange in less mature product categories such as actively managed ETPs. In Asia-Pacific, we believe there are opportunities to further increase our participation in markets in which we are already active. We also intend to capitalize on the opening of new markets, such as India and China. For instance, China had an ETP value traded in 2014 of \$215 billion according to the World Federation of Exchanges.

In addition, we can leverage our trading capabilities and other strengths by expanding into newly introduced ETPs or by trading instruments that are similar to ETPs, whose values are also proportionally affected by a change in the value of underlying assets.

Finally, we can further develop institutional trading, where we trade off-exchange with institutional counterparties. While we have significant institutional trading scale in our Amsterdam office, we intend to expand our existing institutional trading desks in Amsterdam to setting up and expand institutional trading in the U.S. and Asia-Pacific. We believe we are well-positioned to benefit from the shift within off-exchange trading towards electronic request-for-quote platforms. We also believe that off-exchange ETP trading volumes are large and that our growth potential in institutional trading is significant.

Investing in our employees' continued commitment and development

We will continue to invest in recruiting talented trading, technology, risk management and other professionals in order to execute our growth strategy, while retaining our unique culture. We believe that our consistent, one-team approach has been vital to our success, and we will continue to keep our employees motivated, challenged and committed to the firm while ensuring engagement and responsibility by providing extensive training, competitive benefits and promoting equity ownership.

Our business

We are a leading, technology-enabled liquidity provider operating on a global scale that specializes in ETPs. Our ETP strategies provide bid and ask quotes based on the market prices of related or underlying

financial instruments. We do this for more than 4,000 ETP listings and we access 94 trading venues in 32 countries around the world including NYSE Arca, the BATS Exchanges, Nasdaq, Euronext, Deutsche Börse, London Stock Exchange, Borsa Italiana, SIX Swiss Exchange, Japan Exchanges and Hong Kong Stock Exchange. We had access to 22 venues in 2008, 60 in 2010 and 80 in 2012. We have market making arrangements with exchanges and issuers for 2,724 ETP listings and quote bid and ask prices off-exchange, on request, to more than 350 institutional counterparties such as banks, asset managers, pension funds, insurance companies, family offices, hedge funds and other institutional investors in over 20 countries. In 2014 we entered on average into approximately 105,000 trades per day with an approximate aggregate daily ETP value traded of €2.2 billion.

Our success as a liquidity provider stems from our ability to quote the most competitive bid and ask prices and to quickly respond to relevant market information in similar and related instruments. Historically, liquidity providing activities occurred on the physical floors of exchanges, where traders would execute buy and sell orders in financial instruments. Over the last 20 years, global financial markets have been characterized by a rapid electronification of the trading process replacing traditional 'pit trading' with trading on-screen and the general growth of global financial markets in terms of volume and market participation. Financial innovations include the advent of new investment products such as ETPs.

Through our trading of ETPs in all asset classes and geographic areas, we benefit from diversified monetary flows inside of as well as between the different asset classes and geographies. We believe that our focus on ETPs, our broadly diversified trading capabilities and our global access to markets, in combination with our proprietary technology platform, our risk management framework and our capacity to retain a low cost structure, enables us to provide liquidity and competitive pricing while at the same time earning attractive margins and returns.

We are headquartered in Amsterdam with additional trading offices in Singapore and in New York. In addition, we have a software development office in Cluj, Romania. Our employees regularly rotate within and between offices in order to share knowledge and experience within the Group.

In 2014, net trading income was €172.7 million (2013: €143.3 million), EBITDA was €84.1 million (2013: €65.9 million), EBITDA margin was 49% (2013: 46%) and profit for the period was €67.9 million (2013: €53.6 million). We are a highly cash generative business and have maintained an annual dividend payout ratio of above 60% for each of the last three financial years. In that period, total dividends declared amounted to €102 million.

How we generate income and manage market exposure as a liquidity provider

As a liquidity provider, we quote bid and ask prices on various markets in a large number of ETPs and other financial instruments. Our profits are driven by the very small differences between the prices at which investors are willing to buy (or sell) ETPs (or other financial instruments) from (or to) us and the prices we pay (or receive) for the underlying or related financial instruments. In addition, we eliminate pricing differences between ETPs (or other financial instruments) and related financial instruments (including the underlying assets of an ETP) which leads to a profit on individual trades. While this margin is typically very small, our trading volumes are sizeable, enabling us to generate sizeable revenues.

As our trading is designed to be non-directional, non-speculative and market-neutral, our ETP strategies are designed to hedge our positions in order to minimize our net exposure and market risk. When we buy a particular ETP, for instance, a gold ETC such as the SPDR Gold Shares ETC, we simultaneously sell one or more financial instruments with the same or a similar exposure, such as a gold futures contract, to hedge our market risk. If in this example the gold price were to increase, so would the value of the gold future and the gold ETC. As we have sold the gold futures contract and bought the ETC, we have locked in our net trading margin for the transaction, and are, from that moment, unaffected by subsequent movements in the price of gold.

Our quoted bid and ask prices for ETPs are based on the market prices of the underlying assets or related instruments. When we calculate our bid and ask quotes for the gold ETC, our systems first evaluate the actual market bid and ask prices of underlying or related instruments. In addition, we add our trading costs directly related to our net trading income such as exchange, prime broker and clearing fees. Finally, when required we add a net trading margin for the transaction, which may differ by market and instrument over time. When one of these quotes is matched by an order from another market participant,

we hedge the exposure resulting from this trade and lock in the net trading margin. The pricing process can be visually represented as follows:

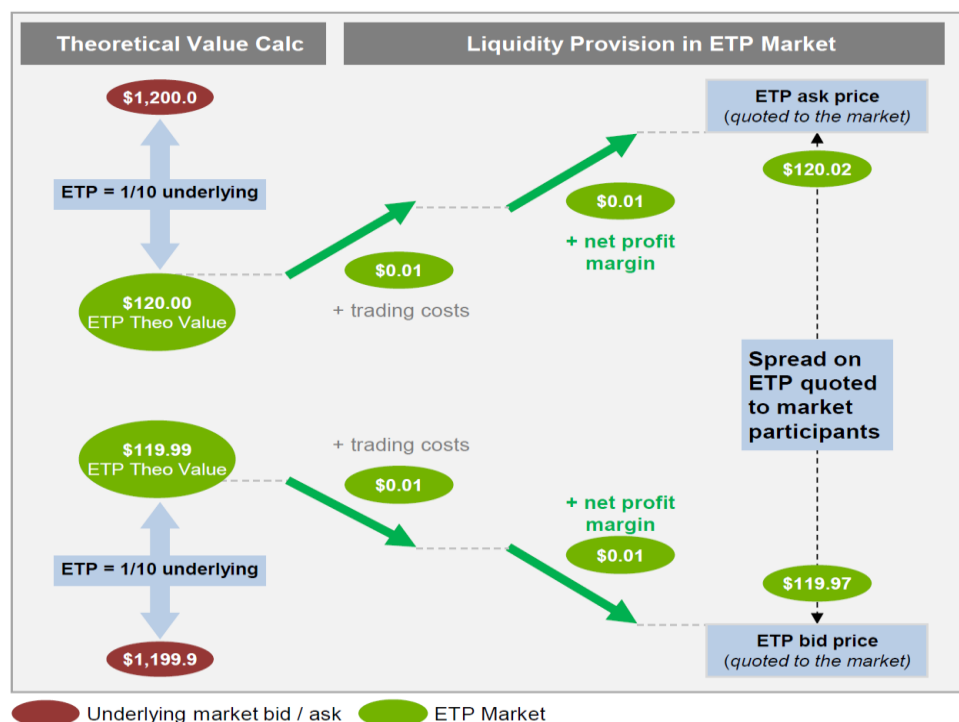


Figure 17 - Pricing

In addition, if we, through our automated systems with pre-defined trading strategies, encounter a financial instrument, of which we believe the price either does not correctly reflect the relationship with the value of its underlying assets or deviates relative to the same (or a similar) instrument in the same or a different market, we sell the financial instrument which is priced higher and buy the one that is priced lower.

Pricing

In order to determine our pricing we audit the information we receive from ETP issuers defining the relationship between a given ETP and its underlying instruments. Such information is disseminated through what is commonly known as a composition file. We process these files on a daily basis. At year-end 2012 Flow Traders processed 8,279 ETP composition files, 12,358 at year-end 2013 and 13,765 at year-end 2014. We adjust and confirm pricing parameters for any corporate actions (e.g. dividends, stock splits, etc.) which we check against market data feeds to ensure accuracy. Subsequently, strategy parameters are adjusted to optimize bid and ask quotes and size of quotes given market conditions. Trading volumes, market neutrality, exposure and profit and loss performance are continuously monitored and strategy parameters are adjusted as required. In addition, when providing off-exchange liquidity, the liquidity of the related financial instruments is taken into account relative to the size of the quote request we received so that we can appropriately determine a bid-ask spread. We evaluate credit usage and adjust positions to ensure the most efficient use of resources. We reconcile trading positions and profit and loss statements with our risk department and our prime brokers before the start of every trading day.

Traders continuously screen the market for new liquidity provision strategies, newly launched ETPs and changes in the trading patterns of existing ETPs. New strategies for trading new products or markets are tested with tight risk limits and minimal trading capital and are closely monitored. If the trading strategy proves to be successful, the amount of capital deployed would be increased, but would also continue to be continuously monitored and evaluated.

Flow Traders is an Authorized Participant

As set out in the section "Industry", Flow Traders is an Authorized Participant for over 25 ETP issuers, including major ETP issuers such as BlackRock (iShares), Deutsche Bank (db X-Trackers), ETF

Securities, Société Générale (Lyxor), PowerShares, Source ETFs, State Street Global Advisors (SPDR), Vanguard and WisdomTree.³⁴ Being an Authorized Participant as such does not generate revenues; however, it enables Flow Traders to create and redeem ETPs directly with the relevant issuers. This in turn allows Flow Traders to increase or decrease its ETP positions in addition to increasing or decreasing positions in such ETPs by buying or selling such ETPs in the secondary markets (on-exchange or off-exchange). As a result, we can price competitively even when there are large market imbalances. For more information on the role of Authorized Participants and the creation and redemption processes, please refer to "Industry".

Technology

Technology is at the core of our business. Our in-house IT and development teams develop, support and manage a technology platform that is complex, as well as cost-efficient and scalable. Leveraging the scalability and cost efficiency of our platform we are able to expand the coverage of securities, asset classes and geographic markets at limited incremental cost. 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. This allows us to easily expand our coverage of securities, asset classes and markets with limited set-up and incremental cost. Controlled releases of hardware and software enhancements provide for minimal disruption to our business. The total cumulative time of openings outage in the first quarter of 2015 was only 4 hours and 20 minutes, meaning that a technical incident affected approximately 0.1% of all venue openings in that period.³⁵ Flow Traders uses state-of-the-art low latency equipment, optimized operating systems (kernels) and advanced communication networks (including alternative line technologies).

Our proprietary, scalable technology platform is firmly embedded within the trading and risk management functions. Our applications include pricing and trading software, market data processing tools, pre-trade risk controls, other risk and compliance tools and approximately 50 other applications. We employ a software architecture with over 1.8 million lines of code.

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. Prior to releasing our trading software or an update into the production environment any element of our trading software is subjected to a review of its code, validation in an environment that is separate from our production environment, testing 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.

Our technology and software development departments represent approximately one-third of our total staff. We have dedicated teams focused on software development, infrastructure and networks, hardware systems, and exchange connectivity and other areas. Nearly all our software, including our key pricing and trading software, is developed in-house by our software engineers based in Amsterdam, the Netherlands, and Cluj, Romania. The Romanian development team was acquired in 2010 to complement our home-grown capabilities as a result of an acquisition of a niche software development company. Our software development team designs and develops our proprietary software, which consists of trading engines, market data platforms, pre-trade risk controls and risk management and compliance tools and approximately 50 other applications. The applications are designed to *inter alia* execute automated pre-defined trading strategies, handling and normalizing incoming price feeds, calculating net asset values, identifying opportunities, placing, amending and cancelling orders and conducting internal risk checks. The development process is strictly separated from the production and deployment process, with controlled and limited access to the source code. Across the organization, the four-eyes principle is employed, meaning at least two people are involved in the development and at least two people are

³⁴ The issuers with which we have Authorized Participant agreements in place represent over 80% of global ETP Assets Under Management (see BlackRock Global ETP Landscape, Industry Highlights, January 2015, p. 9). Where we are not an AP ourselves, we are often able to create and redeem ETPs via our prime brokers or other market participants. In 2014 we executed creations and redemptions in 1821 listings of 1153 unique ETPs.

³⁵ This represents the total openings outage time over all the 94 exchanges to which we connect, combined.

involved in the production and deployment process. Required phases and changes are strictly controlled and documented.

Our technology platform has been designed to provide speed and capacity, which allows us to continue to provide liquidity in a variety of market environments. We operate over 1,100 machines and servers in 37 data centers worldwide, supporting approximately 65 million order messages per day in 2014. On a peak day in January 2015 when the Swiss National Bank announced its removal of the exchange rate peg between the Swiss Franc and the Euro, 90 million messages were sent, of which 25 million were sent in a 60 minute timeframe utilizing less than 5% of our systems' capacity. Our modular design allows for continuous incremental improvements in performance and capacity. We operate a cutting-edge technology platform with frequent, controlled deployments of new hardware and software, which is fully redundant for all critical parts of the infrastructure and is designed to have no single point of failure.

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, which is obtained directly from exchanges or indirectly from private data vendors. In addition, commercially available data center space close to trading venues is rented to minimize latency.

Our systems are designed such that they can be monitored real-time, maintained and supported by qualified professionals from any office. We believe we have an effective disaster recovery and business continuity plan in place, which is designed to resume operation of our trading strategies in the event of disruption. Our IT systems are subjected to penetration tests bi-annually 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.

Historically, we have spent approximately €20 million annually on technology. This expenditure relates to hardware and IT services, including servers, global networking connectivity, network security, data centers, market data and other items. Please also see "*Operating and Financial Review —Results of Operations—Comparison of the three months ended 31 March 2015 and 31 March 2014—Operating expenses—Other expenses*", "*Operating and Financial Review —Results of Operations—Comparison of the years ended 31 December 2014 and 31 December 2013—Operating expenses—Other expenses*" and "*Operating and Financial Review —Results of Operations—Comparison of the years ended 31 December 2013 and 31 December 2012—Operating expenses—Other expenses*".

Risk management

We are intensely focused on risk management and monitor our activities on a real-time, fully automated basis using our robust risk management framework. Our trading professionals, who closely monitor our trading system, are our first line of defense. Our risk management and compliance departments serve as our second and third lines of defense, respectively. In addition, exchanges 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.

In our business, we believe that operational risk can have the biggest impact on our daily revenues. To mitigate this we closely monitor trades and we have system safeguards and limits. To address the credit risk we face, we clear almost all of our trades through our prime brokers and 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. Market risk is the risk of loss resulting from unfavorable market movements such as with respect to prices, when positions in financial instruments are held. Our hedging strategies in combination with the use of straightforward products and continuous monitoring aim to remove this 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, cash, portfolio efficiency and liquidity. Furthermore, in our trading we focus on trading liquid listed instruments which helps us unwind positions more easily than in the case of illiquid or unlisted instruments. Our settlement risk is mitigated by a multiple layer monitoring process of settlements.

Before entering into a new business relationship with a material third party we typically review such third party's financial standing, reputation and recent developments. When interfacing with such third parties, including prime brokers, issuers 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. Transactions with such third parties are typically validated and reconciled by separate departments

In order to mitigate counterparty risk further, we make sure that the settlement cycle of trades is kept short, assuring 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 settlement team of the risk management department. 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. In 2013, the procedures were activated when we successfully moved our Singapore operations to Amsterdam over a weekend with minimal trading disruption and at a limited cost in response to record levels of pollution in Singapore.

Our risk management department continuously monitors our activities using our fully-integrated technology systems. For example, our pre-trade risk controls 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 management department, thereby keeping our ordering, trading and positions well within tolerance levels. Our real-time risk monitoring tools monitor our trades, positions and aggregate exposures and allow us to identify market risk and to reconcile trading positions and prices. We have a "four-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 use our compensation model to promote risk awareness and responsible trading. Individual variable compensation is dependent on the contribution to the success of Flow Traders as a whole, thereby discouraging a culture of 'star' behavior and fosters collaboration and teamwork, rather than solely on individual trading profitability in the case of traders. Our trading and other professionals receive competitive fixed compensation packages, augmented by a singular firm-wide variable compensation pool which is accrued throughout the year at approximately 36% of operating profit. Variable compensation is paid in cash in two instalments – 50% shortly after the award, and 50% is deferred for a year. The deferred variable compensation acts as a first loss tranche to compensate any operating loss in the subsequent year, before such loss would impact shareholder equity. For our staff, we apply an annual performance evaluation cycle. In 2011, our compensation policy was approved by the relevant regulator. Since, there have been developments in the regulatory environment (including increased regulation on remuneration). We have in the past assessed and will continue to assess the impact of these developments on the Company's remuneration policy. We currently cannot assess in full what the impact of such developments in the regulatory environment (including the increased regulation on remuneration), will be. Also see *"Risk Factors-Risks Related to Legal, Regulatory and Tax Matters-Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects"*.

Besides maintaining our policy to hedge our trades fully and where possible perfectly at all times, members of our capital management team and our trading and risk management 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, which factors are continuously assessed given market circumstances and our trading portfolio at that time). The risk management 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 Co-CEOs 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 committee also defines and assesses possible scenarios and plans the 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 head of risk and head of trading. Aside from ongoing ad-hoc communication, there is a

formal 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 and limit setting must subsequently be approved by a Co-CEO.

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 analyses and trading performance reports. Some reports are processed immediately and others require intermediary checks of our Risk department. All of these reports are shared with our global Risk team and management to comply with our four-eyes principle. Our assets and liabilities are marked-to-market daily for financial reporting purposes by reference to official exchange prices, and they are re-valued continuously throughout the trading day for risk management and asset/liability management purposes.

We believe there are high barriers to entry

We believe there are high barriers to entry for ETP liquidity provision. First, liquidity providers must have ETP market expertise and be able to price accurately, as these are imperative qualities for sustainable profitability. Pricing large numbers of ETP listings, in different currencies, in varying market conditions, in all time zones, at a profitable scale is a complex activity. Flow Traders is a global ETP-focused liquidity provider, with expertise across all ETP asset classes. With a determined focus and deep product expertise we are able to competitively provide pricing across varying types of market conditions. Continuous and efficient pricing attracts trading counterparties, which we believe in turn leads to increased volumes and a virtuous cycle of better pricing accuracy and further profitability.

Secondly, a close, institutional relationship with a broad number of ETP issuers is imperative for liquidity providers as it allows them to benefit from the creation and redemption process and allows for more competitive pricing. Our independent position as a liquidity provider with the ability to trade on- and off-exchange across the global ETP ecosystem has forged deeply-entrenched, long-term, mutually beneficial relationships with major ETP issuers that have been cultivated over the course of more than a decade. For example, we increased the number of venues on which we traded from 11 in 2005, to 60 in 2010 and 94 today. This gives us direct access to new product insights.

Thirdly, a well-established compliance and risk management framework is required to be able to proactively comply with the evolving regulatory landscape. Our highly robust compliance and risk management framework facilitates compliance with a complex regulatory landscape across multiple jurisdictions. We aim to anticipate future regulation and actively contribute to legislative consultations for future regulation. In addition our business model does not include clients and therefore requires less capital, which in turn creates a cost advantage over competitors with higher capital requirements.

Fourth, a new entrant needs to invest heavily to create a sufficiently complex and large-scale trading infrastructure which meets the requirements to trade large numbers of ETPs and related instruments. Existing liquidity providers need to be able to keep up with sophisticated and evolving technological requirements and need to have the flexible systems and sufficient staffing to make controlled and continuous improvements possible. They must have the necessary capital and capacity to continuously invest in technological improvements. A reliable infrastructure is required for proper pricing in all market circumstances. Our cutting-edge, large-scale technology platform, developed and enhanced over the last decade, is tailored to meet proprietary liquidity provision strategy specifications so that results per trade are optimized and so that overall efficiency in all market circumstances is increased. Flow Trader's continuous in-house monitoring, managing and improvement of its IT platform helps to ensure competitive sustainability while the internal IT development function allows for swift adaptation to change. We already have a large-scale technical platform and infrastructure, and we already connect to 94 trading venues. Our platform has been built over a decade to be easily scalable and easily maintainable despite its complexity, and as a result we are able to efficiently connect to new venues, with little marginal cost.

Finally, a global scale allows us to grow efficiently with limited marginal cost and ensures access to a large number of global markets required in order to be able to price competitively. We believe that our scale will enable us to expand our market share in existing, yet underpenetrated, markets. Our ability to enter into new geographies, products and asset classes with minimal capital expenditure represents a significant advantage over new entrants and other players who cannot profitably offer competitive pricing. Efficient expansion not only results in direct volume growth in the target market but also expands the capacity of the existing platform itself, creating a positive "network effect" driven by: (i) further

penetration of existing markets and products, due to availability of new liquidity provision strategies; (ii) enhanced connectivity and ability to more efficiently hedge existing strategies; and (iii) expanded access to real-time, local pricing and market data, which further enhances competitive pricing.

Our culture and employees

Since our inception, we have cultivated a culture which encourages innovation, entrepreneurialism and risk-awareness while focusing on drive, teamwork and ownership. We reward contributions to the long-term success of the team and the firm as a whole, rather than only an employee's individual results or direct area of responsibility. For example, each trader is expected to contribute to the continuous improvement of our strategies across the firm. The value of such contribution may not necessarily be immediately reflected in a trader's own desk's performance but subsequent benefits realized elsewhere in the firm would be a major consideration in determining his or her reward.

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 resulting in hiring only around 1% of applicants in 2014. We train newly-joined traders in-house under the close supervision and guidance of senior traders to ensure that they have a solid foundation of trading and risk management skills in a controlled environment. We provide junior traders with a thorough understanding of the products they trade, our strategies and tools. For technical positions in the IT department, software development and other positions, we typically hire experienced specialists with in-depth expertise.

There are no collective bargaining agreements with our employees and our employees have not requested that a works council be formed. All our employees have direct access to management to discuss any matter while important decisions are discussed during regular all-staff meetings.

Excluding temporary employees, we employed 203 employees as at 31 December 2013 and 215 people as at 31 December 2014 (of which 144 were located in Amsterdam, 30 in Singapore, 27 in New York and 14 in Cluj, Romania).

Intellectual property

We rely on trade secret, trademark, domain name, copyright and contract law to protect our intellectual property and proprietary technology. We enter into confidentiality, intellectual property invention assignment and/or non-competition and non-solicitation agreements or restrictions with our employees, independent contractors and business partners, and we strictly control access to and distribution of our intellectual property.

Our competitors

Our competitors can be grouped into two categories. One category consists of 'captive' trading desks and trading firms who provide liquidity in ETP products issued by affiliated parties. Examples of these are Bank of America Merrill Lynch, Citigroup, Commerzbank (Comstage ETFs), Deutsche Bank (db X-trackers ETFs), J.P. Morgan and Société Générale (Lyxor ETFs).

Competitor	Brand	% European Market Share (Own Product)
COMMERZBANK 	ComStage 	14%
 SOCIÉTÉ GÉNÉRALE	LYXOR 	10%
Bank of America Merrill Lynch 	EDGE 	9%
Deutsche Bank 	 db X-trackers	6%

Figure 18 - Captive Liquidity Providers³⁶

The other category includes independent electronic trading firms such as Jane Street, KCG, Susquehanna, Timber Hill, Tower Research and Virtu Financial.

³⁶ Source: Markit

Our main differentiators from such competitors are (i) that we are fully independent, (ii) that our focus is only on trading ETPs and (iii) that we provide liquidity in the full spectrum of ETPs, both on and off exchange; and (iv) that we can do this globally. We believe that we are better positioned to provide competitive pricing in ETPs as a result. Please see section *"Our competitive strengths"* for details.

Please also refer to *"Risk factors - Risks Related to Our Business - We face intense competition in our business"*.

Key agreements to our operations

There are certain categories of agreements that are key to our day-to-day business operations. The most relevant are summarized in this section. For a description of certain material agreements entered into outside the ordinary course of business, please see *"General Information—Material Contracts"*.

Authorized Participant agreements

Under an Authorized Participant agreement, an issuer of ETPs accepts us as an Authorized Participant in respect of the ETPs it issues. Such agreements set out the provisions with respect to, among other things, the creation and redemption processes described above, including minimum sizes of creations or redemptions and cut-off times in terms of instructions and acceptances. Examples of ETP issuers for which we are an Authorized Participant (and are thus able to create and redeem ETPs with the issuer) include BlackRock (iShares), Deutsche Bank (db X-Trackers), ETF Securities, Société Générale (Lyxor), PowerShares, Source ETFs, State Street Global Advisors (SPDR), Vanguard and WisdomTree. Please also refer to *"Industry - The ETP Ecosystem"* for a general description of our role as Authorized Participant.

Market making agreements

In our market making agreements with trading venues or ETP issuers, we agree to quote bid and ask prices for certain ETP listings or other financial instruments on a continuous basis with certain pre-determined minimum percentages of time present in a market, maximum bid-ask spreads and minimum order sizes. In the event of a force majeure event, technical issues, unusual market conditions, difficulties in executing our hedges, or difficulties in creating or redeeming ETPs, our obligations are typically temporarily waived or relaxed.

Market data agreements

Under market data agreements, entered into with trading venues or other data vendors, we typically receive market data directly from an exchange or indirectly via a market data vendor. We primarily use market data to feed prices of financial instruments into our trading engines and risk management systems and typically pay separate amounts for data that are visible to our traders on their screens (display data) and data that are not visible on-screen but by our trading engines (non-display data).

Membership agreements, direct market access agreements and sponsored access agreements

There are two ways in which we gain access to trading venues. We typically seek to become a member of a trading venue. Of the 94 trading venues on which we are active, we have membership agreements in place with 46 trading venues, which allows us to access such markets directly. In respect of the remaining trading venues we rely on intermediaries who are members, to provide us with indirect access. In these cases our orders pass via such intermediary's internal systems, so that its control mechanisms are automatically applied to our orders.

Data services agreements

We operate a low-latency network infrastructure. For the lease of external network lines we enter into data services agreements with third parties which typically contain specific terms regarding pricing, latency and availability.

Data center agreements

We often rent commercially available data center space close to the servers of trading venues. Placing our servers close to a trading venue's matching engine seeks to eliminate unnecessary delays in receiving

order book data, transaction data, price data and other notifications. This in turn permits us to price and submit our quotes more efficiently and control our risks more effectively as we have access to more current and accurate market data, which allows us to update our quotes quickly to reflect market movements.

Clearing and prime brokerage agreements

We rely on services provided to us by a number of prime brokers to facilitate our business. Among others they do this by providing clearing and settlement of trades in the securities and futures markets, lending us securities and cash, and providing margin financing. We maintain relationships primarily with two prime brokers: ABN Clearing and BAML, and use the services of additional local specialist prime brokerage firms in certain emerging geographic markets. For an in-depth explanation please refer to "*Operating and Financial Review—Liquidity and Capital Resources—Contractual Obligations*" and "*Risk Factors—Risks Related to Our Business—We are dependent upon prime brokers, ETP issuers, trading counterparties, central counterparties and custodians to perform their obligations to us.*".

Property, plant and equipment

We lease office space in Amsterdam (which serves as our corporate headquarters and as a trading center), New York and Singapore (both serving as trading centers), and Cluj, Romania (where part of our software development team resides). Please see "*Operating and Financial Review*". We built and operate a pan-European radio frequency network for relaying market and ordering data, comprised of radio tower leases, service and maintenance agreements and spectrum licenses in multiple jurisdictions. As we no longer deem operating and maintaining that network as a core activity given the availability of sufficiently capable alternatives, we are in the process of divesting this network. Regardless of whether such divestment is completed, postponed or cancelled, we do not expect there to be a material impact on our trading operations or our financial performance.

Insurance

The Managing Directors, the Supervisory Directors and certain other employees and all other directors and/or officers of the Group are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as members or officers.

Legal proceedings

From time to time the Company may be involved in regulatory inquiries and investigations, disputes or litigation relating to claims arising out of our operations. The Company is not, and during the twelve months preceding the date of this Prospectus the Company has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) that may have, or have had in the recent past, significant effects on our financial position or profitability.

REGULATION

Overview

Our operations and businesses are subject to a significant number of laws and regulations. Such laws and regulations are generally designed to protect the market participants and more generally, the integrity of the financial markets, and not Shareholders. Where applicable, entities forming part of our Group have obtained the regulatory licenses and approvals needed to operate their regulated businesses. The following is a description of certain legal and regulatory frameworks to which we are or may be subject. Please note that this is a summary of regulations that we deem to be the most material to our business. Given the very large number of regulations our business is subject to, this summary is not intended to be exhaustive.

While we believe we are well-positioned to address and implement new regulations in general, and while we attempt to anticipate pending regulations, we typically cannot assess what the exact content or impact of new regulations will eventually be in practice and how we will implement it into our business. We cannot assess whether the impact of any new regulation or interpretation will eventually be beneficial to our business or not - new regulation may introduce new barriers to entry but also limit the manner in which we trade or maintain our operations. We expect that implementation of regulatory provisions will require substantial resources and management attention. We also refer to "*Risk Factors—Risks Related to Legal, Regulatory and Tax Matters*."

European Regulation

The regulatory framework in which we operate is substantially influenced and partly governed by European directives and regulations in the financial services area, many of which have been adopted pursuant to the financial services action plan, which was adopted by the EU in 1999 to create a single market for financial services. This has enabled and increased the degree of harmonization of the regulatory regime for financial services, public offers, listing, and trading, amongst other activities.

Markets and trading

There are three key pieces of European law (directives and regulations) that address the fair and orderly operation of markets and trading: the MiFID and the MiFIR, the MAD and the MAR and the EMIR.

The recent review of MiFID and MAD has reached the end of the legislative stages. On 12 June 2014 both MiFID II/MiFIR and MAD II/MAR have been published in the Official Journal of the EU.

Most aspects of the EMIR requirements have entered into force, including implementation through secondary legislation. The MAD II legislation shall take effect by 3 July 2016, by which date implementing measures by the European Commission concerning MAR may also be expected. The MiFID II legislation including related technical regulatory standards that we expect to be released around July 2015 shall take effect in the Member States of the EU by 3 January 2017.

MiFID, MiFID II and MiFIR

In November 2007, MiFID became effective. MiFID was designed to enhance the single market for financial services by harmonizing the Member States' rules on authorization, conduct of business, operation of trading venues and other related activities. This has resulted in a reinforcement of the regulators' authority and control over market operators' governance, shareholders and organizational matters.

MiFID has been the subject of a review in respect of areas such as authorization and organizational requirements, supervisors, investor protection and conduct of business, market transparency, development in market structures and OTC commodities and derivatives. The MiFID II legislation has expanded the scope of MiFID and introduced reforms addressing various financial market activities. The MiFID II legislation captures previously unregulated or more weakly regulated areas.

Key changes under the MiFID II legislation, that will take effect in January 2017, include changes to:

- the market structure, including:
 - the introduction of a new multilateral, discretionary trading venue, the organized trading facility ("**OTF**"), for non-equity instruments;
 - an expanded scope of the investment firm category systematic internaliser ("**SI**") with increased transparency requirements;
 - a requirement for investment firms to trade listed equities on a RM, a MTF, OTF or SI and effective limitation of over the counter business for cash equities;
 - new systems, controls and organizational requirements for trading venues;
 - the introduction and further codification of trading controls and organizational requirements for investment firms engaged in algorithmic trading activities;
 - an obligation for investment firms that engage into market making strategies to enter into formal market making agreements with trading venues containing market making obligations, also under more challenging market circumstances;
 - a harmonized unexecuted order to transaction (or trade) ratio ("**OTR**") regime;
 - a harmonized tick size regime;
 - an obligation to trade clearable derivatives on a trading venue;
 - introduction of a harmonized EU regime for non-discriminatory access to trading venues, CCP clearing houses and benchmarks.
- transparency and transaction reporting, including:
 - equity market transparency to be increased;
 - new transparency requirements for fixed income instruments and derivatives;
 - a "Consolidated Tape" for trade data (including a requirement to submit post-trade data to approved reporting mechanisms);
 - a widening scope of transaction reporting obligations
- conduct, supervision and product scope, including
 - increased conduct of business requirements to improve investor protection;
 - strengthened supervisory powers with new powers to ban products or services that threaten investor protection, financial stability or the orderly functioning of markets;
 - strengthened administrative sanctions

We expect that the provisions relating to organizational requirements and controls, the market making obligations, OTRs, tick sizes and further market transparency and reporting obligations will be the most relevant to our business.

MAD and MAD II

The MAD came into effect on 12 April 2003 and intended to harmonize rules for market abuse throughout Europe. Key elements of MAD included requirements for member states to introduce a prohibition on market abuse (comprising insider dealing and market manipulation). Also, issuers of securities traded on regulated markets are required to publish price sensitive information promptly and to

maintain lists of persons working for them who have access to inside information. Further, banks and investment firms must report suspicious transactions to securities regulators.

In order to expand and develop the existing EU market abuse regime, in October 2011 the European Commission published legislative proposals to replace the existing MAD. The proposals included a regulation on insider dealing and market manipulation (MAR) and a directive on criminal sanctions for insider dealing and market manipulation (MAD II). The MAD II legislation was published in the Official Journal on 12 June 2014, entered into force on 2 July 2014 and shall take effect in the Member States of the EU by 3 July 2016, by which date implementing measures by the European Commission concerning MAR may also be expected.

Further, in September 2013, the European Commission published a proposed regulation on indices used as benchmarks in financial instruments and financial contracts. These were originally proposed to be part of the MAD II proposals. The European Commission expects a final agreement by the summer of 2015.

The provisions in MAD II and MAR resemble current market abuse regulation to a large extent, although it introduces an increased number of indicators of market behavior that are assumed to constitute market abuse unless proven otherwise by the relevant investment firm. It also focuses specifically on potential market abuse in a context of algorithmic trading, requiring increasingly extensive and sophisticated monitoring. In addition, the provisions include obligations to notify regulators not only of suspicious trades but also suspicious orders, even in case of so-called 'near misses'. Also see *"Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects"*.

EMIR (European Market Infrastructure Regulation)

The Regulation of the European Parliament and of the Council on over-the-counter ("OTC") derivatives, CCPs and trade repositories ("**EMIR**") entered into force on 16 August 2012. In general, it has introduced a reporting obligation for derivative contracts, a clearing obligation for eligible OTC derivatives, measures to reduce counterparty credit risk and operational risk for non-cleared OTC derivatives (including exchange of collateral), common rules for CCPs which impose, among other things, more stringent prudential, operational and business requirements, and common rules for trade repositories. Since its inception, the EU adopted a number of the delegated implementing and technical standards supplementing EMIR. Furthermore, on 30 October 2014, the European Commission adopted its first 'equivalence' decisions for the regulatory regimes of CCPs in Australia, Hong Kong, Japan and Singapore. EMIR and the associated delegated implementing and technical standards will impact the design and commercial prospects for any CCP or trade repository, as well as trading counterparties. In particular, compliance with EMIR requirements, including tightening margin requirements, may increase costs for clearing and therefore overall transaction costs, which may put pressure on trading volumes and fees, and could have an impact on our net trading income. Also see *"Risk Factors—Risks Related to Legal, Regulatory and Tax Matters - Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects"*.

Forthcoming regulation of CSDs and settlement

In July 2014, the Council of the EU adopted the regulation to harmonize securities settlement and regulate central securities depositories ("**CSDR**"). The CSDR, which entered into force on 17 September 2014, harmonizes requirements for the settlement of financial instruments and rules on the organization and conduct of CSDs. Together with EMIR and the MiFID II legislation, it will form a framework in which systemically important securities infrastructures (trading venues, CCPs, trade repositories and CSDs) are subject to common rules on a European level.

In addition, the ECB has introduced T2S to provide a central settlement function for the euro area, with other European currencies invited to join. T2S is intended to offer the whole European market a centralized delivery-versus-payment settlement platform in central bank money and will be operated by the Eurosystem on a cost-recovery basis. On 2 February 2015 the Eurosystem confirmed that the production environment of T2S is now ready. According to the ECB, this means that the technical infrastructure on which T2S runs and the organizational structures are prepared for the migration of the

first wave of CSDs and central banks, which has been completed with the go-live of the T2S platform on 22 June 2015. Any mandatory 'buy-in' by market operators of trades that fail to settle may result in penalties which may also have an adverse effect on the Company.

The European Commission is separately considering the proposal of comprehensive securities law legislation across the EU, which would harmonize various aspects of securities laws and partly overlap with the CSDR and T2S initiatives. These proposals will continue to be developed and considered over the course of 2015 and beyond.

Products

Structured products, ETFs and UCITS

In addition to new product rules under the MiFID II legislation (including requirements for investment firms that originate financial instruments to have a product approval process, and structured deposits having been designated as a regulated financial product), the PRIIPS Regulation has introduced a new pan-European pre-contractual product disclosure document (the key information document or KID), which is to be provided when offering PRIIPS to certain clients. This document must include information on the features, risks and costs. The PRIIPS regulation covers, among other products, insurance-based investment products, structured investment products and investment funds (including ETF and ETPs). The PRIIPS regulation entered into force on 29 December 2014 and it will apply directly in all Member States from 31 December 2016.

Amendments to the UCITS Directive (2009/65/EC) effected through Directive 2014/91/EU (UCITS V, which is to be implemented in EU member states by March 2016) focus on areas like (i) clarification of the UCITS depositary's functions and improvements to provisions governing their liability, should assets be lost in custody; (ii) the introduction of rules on remuneration policies that must be applied to key members of the UCITS managerial staff. There are various requirements on how certain details of a firm's remuneration policy should be disclosed in a UCITS prospectus, annual report and key investor information document. UCITS fund managers will need to examine, and potentially re-negotiate, depositary and sub-custody agreements to reflect the new rules and be in line with the new liability provisions. UCITS managers will need to review and update the UCITS' fund documentation such as prospectuses and key investor information documents to reflect the expanded depositary role, stricter liability of the depositary and the remuneration rules. The UCITS' remuneration policy will need to be reconsidered, with a view to comparing current structures against the new requirements. Employment contracts and incentive programmes may be affected. The amended supervisory framework for UCITS may impact the volume of the issuance of UCITS and the trading of any instruments linked to UCITS (e.g. ETFs). Although our business does not fall directly into the scope of such regulations, increased transparency requirements for complex retail structured products, ETPs and UCITS investment funds may impact the volume of the issuance of such structured products and the trading of any equities or stocks linked to such structured products, as well as the trading of ETPs or UCITS.

Market monitoring

The MiFID and the MAD (and the succeeding MiFID II and MAD II legislation), ESMA guidelines and the exchange rulebooks provide minimum requirements for (real-time and post trade) monitoring of trading and enforcement of rules by relevant national competent authorities ("NCAs") and operators of regulated markets and MTFs. This monitoring triggers action when the orderly functioning of securities markets is threatened. The relevant NCA (or operator of the relevant regulated market) reports suspected cases of market abuse to other NCAs.

Prudential (solvency) regulations

In October 2008, the European Commission adopted proposals to amend the then existing Capital Requirements Directives (Directives 2006/48/EC and 2006/49/EC, or CRD), applicable to banks and investment firms, in view of the financial crisis. The proposals addressed items such as large exposures, supervisory arrangements and crisis management. In June 2013, a new legislative package was adopted by the European Parliament and the Council replacing CRD. This proposal is known as the CRD IV package and comprises Directive 2013/36/EU and the Capital Requirements Regulation 575/2013 ("CRR"). The CRD IV package implements the Basel Committee capital standards (Basel III) into statutory law. The new rules were to be implemented in national legislation by January 2014. The rules

also apply to investment firms and therefore are relevant for our subsidiaries that are licensed as an investment firm. The CRD IV package sets stronger regulatory capital requirements for banks and investment firms, including the Company and its subsidiary Flow Traders B.V. The CRD IV package includes many mandates for the European Supervisory Authorities ("**ESAs**"), including DNB, our competent prudential regulator, to elaborate on the general rules of CRD IV and CRR. Currently we hold sufficient excess capital to fulfil such requirements. If, due to future regulation or interpretation of such regulations, we would be required to hold more capital than we currently do, this may have a significant impact on our ability to pay dividend and may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

The European Banking Authority ("**EBA**") has been attributed the role of submitting draft binding technical standards for adoption to the European Commission. These binding technical standards will qualify as "level two" regulations after adoption by the European Commission. On 22 December 2014 the European Commission published a call for advice to the EBA for the purposes of the report on the prudential requirements applicable to investment firms, including capital requirements. In respect of such call for evidence, we would argue that prudential requirements for investment firms should be different from requirements applicable for other regulated entities if one takes into account that there are quite fundamental differences in risks inherent to proprietary trading (trading for own account and risk) on one hand and those of for instance a credit institution (holding client money or assets and having a wide variation of maturities in its assets and liabilities base) on the other. Deadline to reply to this call for advice is 15 September 2015. We cannot yet be aware what the outcome of such call for evidence will be and what the impact on future regulation or interpretation of regulation will be in general but a significant increase in capital requirement in any jurisdiction may have a material impact on the manner in which we trade, our business, prospects, financial performance and our ability to pay out dividends.

National Regulation

The Netherlands

General

The Dutch Financial Supervision Act sets out the tools and obligations of the Dutch regulators, the AFM and DNB, for the purposes of financial regulation. The Dutch Financial Supervision Act is derived in part from EU directives, which is also the case for the regulatory laws of other EU Member States, and gives roles to DNB in respect of prudential supervision and to the AFM in respect of conduct of business supervision. If the Dutch Financial Supervision Act is breached, the AFM or DNB may, among other things, issue instructions, impose administrative fines and make these fines public.

The AFM is the primary regulator of our investment activities conducted within Flow Traders B.V. Flow Traders B.V., a Dutch investment firm, has a Dutch license to engage in investment activities (*verrichten van beleggingsactiviteiten*), which was granted by the AFM on 16 October 2006. This license is based on Section 2:96 of the Dutch Financial Supervision Act. Under this license Flow Traders B.V. is permitted to deal on its own account (i.e. against proprietary capital) in its capacity of market maker on cash markets. As a member of various trading venues, Flow Traders B.V. is also subject to such trading venues' rules and other regulations.

The AFM supervises conduct of business aspects of Flow Traders B.V., including requirements to have a conflict of interest policy, a sound internal administration, and internal codes for personal transactions in financial instruments. The AFM is also the responsible regulator to assess the trustworthiness (*betrouwbaarheid*) and suitability (*geschiktheid*) of newly proposed policymakers, such as managing and supervisory directors of Flow Traders B.V. DNB is entrusted with prudential supervision over Flow Traders B.V. For instance, DNB oversees compliance by Flow Traders B.V. with requirements to maintain adequate regulatory capital (own funds/solvency/liquidity), e.g. on the basis of Flow Traders B.V.'s Internal Capital Adequacy Assessment Process ("**ICAAP**"), semi-annual financial reporting obligations and other reporting requirements that DNB prescribes.

DNB is also involved in the (consolidated) supervision of the Company, given its status as a financial holding within the meaning of the Dutch Financial Supervision Act. On this basis, DNB is the responsible regulator to assess the trustworthiness and suitability of newly proposed policymakers within the Company or within Flow Traders Holding B.V. Accordingly, any appointment of a member of the Management Board or Supervisory Board must be approved by DNB.

In connection with its approval procedure, DNB has tested the proposed new members of our Managing or Supervisory Board on trustworthiness and suitability. Members of the Management Board must be suitable in respect of (i) management, organization and communication, (ii) the products, services and markets on which our Company is active, (iii) sound and controlled business operations, and (iv) balanced and consistent decision making.

A key suitability criterion for Supervisory Directors is independent functioning. Independent functioning as viewed by DNB includes the following three basic elements: (1) the Supervisory Director is able to act independently and to balance competing interests (*independence in mind*); (2) the Supervisory Director avoids or controls any semblance of conflicting interests (*independence in appearance*); and (3) the Supervisory Board as a body enjoys a sufficient degree of formal independence (*independence in state*). DNB translates this element into the requirement that at least half (50%) of the Supervisory Directors must be formally independent. See "*Management, Employees and Corporate Governance—Management Board*" and "*Management, Employees and Corporate Governance—Supervisory Board*".

The appointment of the proposed members of the Supervisory Board and the Management Board has been approved by DNB.

DNB also supervises our compliance (on the basis of our consolidated balance sheet) of the relevant requirements of the Dutch Financial Supervision Act on group solvency and capital buffers.

The Dutch capital and solvency requirements that apply to Flow Traders B.V. and the Company are based on CRD IV.

Ownership limitations and additional notification and approval requirements

Dutch law contains provisions regulating, amongst other things, ownership conditions. Pursuant to Section 3:95 of the Dutch Financial Supervision Act, a declaration of no-objection from DNB is required for any holding, acquisition or increase of a Qualifying Participation in, amongst others, a Dutch investment firm. A "**Qualifying Participation**" is defined as a holding of 10% or more in the issued share capital of the investment firm (directly or indirectly), or the ability to vote at least 10% of the issued shares in the investment firm (directly or indirectly), or the ability to have a similar influence on the investment firm (directly or indirectly). Non-compliance with the requirement to obtain a declaration of no-objection is an economic offense and may lead to criminal prosecution. In addition, if a person acquires or increases a Qualifying Participation without having obtained a declaration of no-objection, it may be obliged to cancel the transaction within a period to be set by DNB unless the person cures the offense and obtains a declaration of no-objection. DNB may request the District Court in Amsterdam to annul any resolutions that have been passed in a general meeting of shareholders in which such person exercised its voting rights, if such resolution would not have been passed or would have been passed differently if such person would not have exercised its voting rights. The District Court will not annul the resolution if the relevant person obtains a declaration of no-objection prior to the decision of the court.

The applicant(s) for a declaration of no-objection will be subject to the following six assessment criteria in DNB's decision process:

1. Trustworthiness. The (executive and non-executive) directors of the applicant (and its shareholders) must be trustworthy.
2. Suitability. The persons, such as managing directors of the applicant, who will determine the day-to-day policy of the Dutch investment firm on the basis of the intended Qualifying Participation, must have sufficient expertise and experience.
3. Financial soundness. The applicant must have the capacity to finance the proposed acquisition and to maintain a sound financial structure for the foreseeable future, in particular in relation to the type of business pursued and envisaged by the Dutch investment firm. This assessment criterion allows DNB to determine whether the financial soundness of the applicant is solid enough to ensure the sound and prudent management of the Dutch investment firm for the foreseeable future (usually three years) in accordance with the principle of proportionality (nature of the applicant, nature of the acquisition). DNB will amongst others assess the solvency and the controlled and sound management of both the applicant and the Dutch investment firm, and the consequences of the acquisition on these aspects. Furthermore, financial mechanisms put

in place by the applicant to finance the acquisition should not give rise to conflicts of interest that could destabilize the financial structure of the Dutch investment firm.

4. Continued compliance with prudential regulations. The Dutch investment firm should be able to comply and continue to comply with the prudential regulations under the Dutch Financial Supervision Act. Furthermore, the acquisition may not result in the Dutch investment firm being affiliated with persons in a formal or actual control structure that lacks transparency to such a degree that it might impede the adequate exercise of supervision over the Dutch investment firm. The proposed post-acquisition group structure should therefore be transparent and needs to be explained to DNB in detail.
5. Terrorist financing. This will require some disclosure as to the source of funding of the applicant. If payments take place through reliable banks this should suffice to meet this test as such banks are subject to customer due diligence obligations.
6. Incomplete or incorrect information. If the applicant supplies DNB with incomplete or incorrect information, DNB can reject the application.

Remuneration Act

The Remuneration Act became effective on 7 February 2015. The Remuneration Act applies to (a) financial undertakings having their registered seat in the Netherlands; (b) subsidiaries thereof; (c) group companies, in case (i) the head of the group has its registered seat in the Netherlands; and (ii) a financial undertaking with its seat in the Netherlands forms part of that group. The Remuneration Act has been incorporated in the Dutch Financial Supervision Act. In short, the Remuneration Act covers, amongst other things, the following topics: (a) the obligation for a financial undertaking (i) to have sound remuneration policies in place; and (ii) in certain situations, to publish the descriptions thereof; (b) a bonus cap of 20% of fixed remuneration (subject to a limited number of exceptions may apply); (c) a ban on guaranteed variable remuneration; (d) a cap (and under certain circumstances a ban) on severance payments; (e) rules regarding claw back and adjustment of variable remuneration; and (f) a ban on variable remuneration in case of state assistance. The Dutch legislator has exempted the following financial undertakings (and, in certain circumstances, their group companies) from the bonus cap: (a) alternative investment fund managers; (b) managers of UCITS; and (c) investment firms which solely deal on their own account with their own capital, which do not have external clients and which qualify as a local firm (*plaatselijke onderneming*). The Company and its group companies rely on the exemption referred to under (c).

The Remuneration Act implements the equivalent remuneration requirements contained in CRD IV, save that the Remuneration Act includes a stricter bonus cap of 20% for all staff of all financial undertakings, based in the Netherlands, whereas CRD IV contains a 100% bonus cap applicable to a specific category of employees of EU-based banks and investment firms, so called identified staff (which may under circumstances be raised to 200%).

On 4 March 2015 the EBA published a Consultation Paper holding draft guidelines on sound remuneration policies under CRD IV. The consultation period ended on 4 June 2015 and will likely result in new final guidelines on sound remuneration policies under CRD IV. We currently cannot assess in full what the exact implementation or impact of such guidelines, and its possible impact on the Remuneration Act and the exemption which the Company currently relies on, will be. Also see "*Risk Factors—Risks Related to Legal, Regulatory and Tax Matters—Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects*".

United States

We currently conduct regulated business in the United States through our SEC-registered broker-dealer affiliate, Flow Traders U.S. LLC. U.S. federal securities laws have established a two-tiered system for the regulation of securities markets and market participants. The first tier consists of the SEC, which has primary responsibility for enforcing federal securities laws and regulations. The second tier consists of SROs, which include broker-dealer regulators like the FINRA and the CBOE, as well as various national securities exchanges. Flow Traders U.S. LLC also falls under the supervision and regulatory authority of

the CFTC to the extent it transacts in U.S.-listed futures products. Many activities of Flow Traders U.S. LLC are also subject to state laws and regulations, which often vary from state-to-state.

Most aspects of Flow Traders U.S. LLC's business are subject to extensive regulation under federal and state law, as well as the rules of the various SROs of which Flow Traders U.S. LLC is a member. The SEC, state securities regulators, FINRA, and other SROs, including U.S. securities exchanges, promulgate numerous rules and regulations that may impact the business of Flow Traders U.S. LLC. As a matter of public policy, regulatory bodies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of investors in those markets. Regulated entities are subject to regulations concerning all aspects of their business, including trading practices, order handling, best execution practices, anti-money laundering, handling of material non-public information, safeguarding data, securities credit, capital adequacy, reporting, record retention, market access and the conduct of officers, employees and other associated persons.

Flow Traders U.S. LLC engages in proprietary trading activity in the United States directly on certain U.S. securities exchanges and also through its prime broker, BAML. BAML clears all equity trades for Flow Traders U.S. LLC on a delivery-versus-payment basis. Flow Traders U.S. LLC routes some orders directly to certain U.S. securities exchanges and it routes other orders to securities exchanges through BAML. All trades in futures and FX-trades for Flow Traders U.S. LLC are cleared through BAML as well. Flow Traders U.S. LLC only engages in transactions as a principal, for its own risk and on its own account. Flow Traders U.S. LLC's arrangement with its prime broker means that it does not "carry" customer accounts under U.S. law and it is therefore exempt from otherwise applicable SEC and SRO requirements relating to the protection of customer securities and the maintenance of a cash reserve account for the benefit of customers.

Flow Traders U.S. LLC is subject to the regulatory capital rules of the SEC, FINRA, and other SROs. These rules, which specify minimum capital requirements, are designed to measure the general financial integrity and liquidity of a broker-dealer and require that at least a minimum part of its assets be kept in relatively liquid form. Failure to maintain required minimum capital may subject a regulated subsidiary to a requirement to cease conducting business, suspension, revocation of registration or expulsion by applicable regulatory authorities, and, ultimately, could require the relevant entity's liquidation.

Flow Traders U.S. LLC's membership registration with FINRA also subjects it to certain regulations regarding direct and indirect changes to its ownership, and material changes to its business operations. For example FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with certain change of ownership or control transactions, such as a transaction that results in a single entity or person owning 25% or more of the Company's equity. See also *"Risks Related to Legal, Regulatory, and Tax Matters—Significant and changing regulation as well as the implementation and interpretation thereof affect all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects"*.

Rulemaking by U.S. regulators including resulting market structure changes, has had an impact on Flow Traders U.S. LLC by directly affecting its method of operation and, at times, its profitability. Legislation can impose, and has imposed, significant obligations on broker-dealers, including Flow Traders U.S. LLC. These increased obligations require the implementation and maintenance of internal practices, procedures and controls which have increased costs and may subject Flow Traders U.S. LLC to government and regulatory inquiries, claims or penalties.

The regulatory environment in which Flow Traders U.S. LLC operates is subject to constant change. Its business, financial condition, and operating results may be adversely affected as a result of new or revised legislation or regulations imposed by the U.S. Congress, state securities regulators, U.S. governmental regulatory bodies, and SROs. Additional regulations, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often directly affect the method of operation and profitability of regulated broker-dealers. For example, on July 21, 2010, the Dodd-Frank Act was enacted in the United States. Implementation of the Dodd-Frank Act continues today and will be accomplished through extensive rulemaking by the SEC and other governmental agencies. The Dodd-Frank Act includes the "Volcker Rule," which significantly limits the ability of banks to engage in proprietary trading, and Title VII, which provides a framework for the regulation of the swap markets. The Dodd-Frank Act also mandates the preparation of studies on a wide range of issues. These studies could lead to additional regulatory changes. We cannot predict what effect, if any, such changes might have. See also *"Risk Factors - Risks Related to Legal, Regulatory, and Tax Matters - Significant and changing*

regulation as well as the implementation and interpretation thereof, affects all aspects of our business. Changes to applicable regulatory requirements could negatively affect the way we operate, as well as our profitability and prospects" and see "Risk Factors - Risks Related to Legal, Regulatory, and Tax Matters - Proposals in the United States". However, there have been in the past, and could be in the future, significant technological, operational and compliance costs associated with the obligations which derive from compliance with such regulations.

Failure to comply with any laws, rules or regulations could result in administrative or court proceedings, censures, fines, penalties, disgorgement and censures, suspension or expulsion from a certain jurisdiction, SRO or market, the revocation or limitation of licenses, the issuance of cease and desist orders or injunctions or the suspension or disqualification of the entity and/or its officers, employees or other associated persons. These administrative or court proceedings, whether or not resulting in adverse findings, can require substantial expenditures of time and money and can have an adverse impact on a firm's reputation. See also *"Risk Factors - Risks Related to Legal, Regulatory, and Tax Matters - We are subject to risks relating to enforcement actions, litigation and other potential securities law liabilities"*.

Singapore

Our Singapore trading entity, Flow Traders Asia Pte Ltd, is currently exempted from the requirement to hold a Capital Markets Services license by Monetary Authority of Singapore.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This section summarizes certain information concerning the Management Board, the Supervisory Board, our employees and corporate governance. It is based on relevant provisions of the laws of the Netherlands as in effect on the date of this Prospectus, the Articles of Association, the Management Board Rules, the Supervisory Board Rules and the Committee Rules (all as defined below). This section summarizes the Articles of Association as to be amended pursuant to the Deed of Amendment and Conversion immediately after determination of the Offer Price and reflects the (envisaged) governance structure and related arrangements as per that moment.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of the laws of the Netherlands as in force on the date of this Prospectus and the Articles of Association, and the Management Board Rules and the Supervisory Board Rules as in effect upon Conversion. The Articles of Association in the governing Dutch language and in an unofficial English translation thereof are available on our website (www.flowtraders.com), the Management Board Rules, the Supervisory Board Rules and the Committee Rules in the English language (only) will be available immediately after Conversion.

Management Structure

We have a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board is among other things responsible for the day-to-day management, formulating strategies and policies, and setting and achieving our objectives. The Supervisory Board supervises and advises the Management Board.

Management Board

Powers, responsibilities and functioning

The Management Board is responsible for the management of the Group's operations, subject to the supervision by the Supervisory Board. The Management Board's responsibilities include, among other things, defining and attaining our objectives, determining our strategy and risk management policy, and day-to-day management of our operations. The Management Board may perform all acts necessary or useful for achieving our objectives, with the exception of those acts that are prohibited by law or by the Articles of Association. Pursuant to the Management Board Rules, the Managing Directors will divide their tasks among themselves in mutual consultation, subject to the approval of the Supervisory Board. In performing their duties, the Managing Directors are required to be guided by the interests of the Company and its business enterprise, taking into consideration the interests of the Group's stakeholders (which includes but is not limited to our employees and the Shareholders).

The Management Board shall timely provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board. The Management Board is required to notify the Supervisory Board in writing of the main features of our strategic policy, general and financial risks and management and control systems, at least once per year. The Management Board must submit certain important decisions to the Supervisory Board and/or the General Meeting for approval, as more fully described below.

Subject to certain statutory exceptions, the Management Board as a whole is authorized to represent the Company. Each individual Managing Director, acting jointly with another Managing Director, has the authority to represent the Company. In addition, pursuant to the Articles of Association, the Management Board is authorized to appoint proxy holders (*procuratiehouders*) who are authorized to represent the Company within the limits of the specific delegated powers provided to them in the proxy.

Management Board Rules

Pursuant to the Articles of Association, the Management Board must adopt rules of procedure that regulate internal matters concerning its functioning and internal organization (the "**Management Board Rules**"). The Management Board Rules will be in effect ultimately by the Settlement Date and require the approval of the Supervisory Board.

Composition, appointment and removal

The Articles of Association provide that the Management Board shall consist of two or more members and that the Supervisory Board determines the exact number of Managing Directors after consultation with the Management Board. As of the date of Conversion, the Management Board will consist of two Managing Directors.

The General Meeting appoints the members of the Management Board. The Supervisory Board shall make a non-binding nomination in case a member of the Management Board is to be appointed. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, which is also considered the case if the Supervisory Board's vote on the nomination ties, this must be stated in the notice. However, the General Meeting is not bound by a nomination and may appoint a Managing Director at its discretion, provided a proposal to appoint another person has been put on the agenda of the relevant General Meeting or, failing that, the entire issued capital is represented at the General Meeting and the resolution to appoint the alternative Managing Director has been adopted unanimously. The Supervisory Board may appoint two Managing Directors as Co-CEOs, or grant any other title to a Managing Director. See "*Description of Share Capital – General Meetings and voting rights – General Meetings*".

In the event the Supervisory Board has made a nomination the resolution of the General Meeting to appoint the nominee shall be adopted by an absolute majority of the votes cast representing more than one-third of the issued capital of the Company. A resolution of the General Meeting to appoint a Managing Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require an absolute majority of the votes cast representing more than 50% of the Company's issued share capital.

Any appointment of a member of the Management Board must be approved by DNB. In connection with its approval procedure, DNB will test the proposed new member of the Management Board on trustworthiness and suitability. See also "*Regulation—National Regulation—The Netherlands*".

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or dismiss a Managing Director. Should the General Meeting wish to suspend or dismiss a Managing Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by an absolute majority of the votes cast, representing at least 50% of the Company's issued capital. The Supervisory Board may at all times suspend but not dismiss a Managing Director. A General Meeting must be held within three months after a suspension of a Managing Director has taken effect, in which meeting a resolution must be adopted to either terminate or extend the suspension, provided that in the case that such suspension is not terminated, the suspension does not last longer than three months in aggregate. The suspended Managing Director must be given the opportunity to account for his or her actions at that meeting. If neither such resolution is adopted nor the General Meeting has resolved to dismiss the Managing Director, the suspension will cease after the period of suspension has expired.

Term of appointment

The Managing Directors will be appointed for a term of not more than four years. A Managing Director may be reappointed for a term of not more than four years at a time. The Supervisory Board has prepared a resignation schedule for the Managing Directors which is reflected in the right hand column labelled 'Term' of the table under the heading "*- Managing Directors*" below.

Management Board meetings and decisions

Pursuant to the Management Board Rules, the Managing Directors shall endeavour to achieve that resolutions are as much as possible adopted unanimously. Where unanimity cannot be reached and the law, the Articles of Association or the Management Board Rules do not prescribe a larger majority, resolutions of the Management Board are adopted by a majority vote. In the event of a tied vote, the resolution will be decided on by the Supervisory Board.

The Management Board must obtain the approval of the General Meeting for resolutions entailing a significant change in the identity or nature of the Company or its business. This includes in any event: (i) transferring the business or practically the entire business to a third party; (ii) concluding or terminating any long-term cooperation by the Company or a subsidiary with any other legal person or company or as

a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or termination thereof is of material significance to the Company; and (iii) acquiring or disposing of a participating interest in the capital of a company with a value of at least one-third of the sum of the assets of the Company according to the Company's consolidated balance sheet including the explanatory notes in its last adopted annual accounts.

Pursuant to the Management Board Rules, the Management Board shall furthermore obtain the approval of the Supervisory Board for a number of resolutions which include: (i) (a proposal to) amend the Articles of Association or equivalent constitutional documents of the Company or any of its subsidiaries, (ii) to dispose of any asset which is material to the operations of the Company's business or any intellectual property rights, (iii) any change to the organization or nature of the Company's or any of its subsidiaries' corporate structure or business, (iv) to adopt the Company's annual budget and making any material changes thereto, (v) to propose to, or to declare or pay a dividend or any other type of distribution, whether in cash, securities or otherwise, (vi) to propose to, or to merge, split or convert the Company or any of its subsidiaries, (vii) to propose to determine or to determine the annual remuneration and bonuses of all employees (viii) (a proposal to) issue share-linked securities or other profit sharing instruments, (ix) to borrow or lend funds in amounts exceeding levels as set by the Supervisory Board, (x) to grant any security, to incur any indemnity or give any other assurance for the benefit of any third party, (xi) to enter into, amend or terminate agreements or commitments for amounts exceeding levels as set by the Supervisory Board, (xii) to handle any material investigation by any regulatory or market authority or to initiate or conduct any legal proceedings for amounts exceeding levels as set by the Supervisory Board, (xiii) to enter into, amend or terminate any employee participation plan, compensation plan, benefit plan or pension scheme and (xiv) to exercise voting rights on shares in a general meeting of a subsidiary as well as on shares in such meetings of a participation (*deelnemings*).

In addition, pursuant to the Articles of Association, the Supervisory Board may determine that other resolutions of the Management Board, to be clearly defined in a resolution adopted by the Supervisory Board to that effect with a notification thereof to the Management Board, are subject to its approval.

Pursuant to the Articles of Association and the Management Board Rules, resolutions can also be adopted without holding a meeting, provided those resolutions are adopted in writing or in a reproducible manner by electronic means of communication and all Managing Directors entitled to vote have consented to adopting the resolutions outside a meeting.

In each of the abovementioned situations, the lack of approval (whether of the General Meeting or of the Supervisory Board) does not affect the authority of the Management Board or the Managing Directors to represent the Company.

Conflict of interest

The laws of the Netherlands provide that a managing director of a Dutch public company with limited liability (*naamloze vennootschap*), such as the Company (after execution of the Deed of Amendment), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the company. Such a conflict of interest only exists if in the situation at hand the Managing Director is deemed to be unable to serve the Company's interests and its connected business with the required level of integrity and objectivity. Pursuant to the Articles of Association and the Management Board Rules, each Managing Director shall immediately report any (potential) personal conflict of interest concerning a Managing Director to the chairman of the Supervisory Board and to the other Managing Directors and shall provide all information relevant to the conflict.

If no resolution can be adopted by the Management Board as a consequence of such a personal conflict of interest, the resolution concerned will be adopted by the Supervisory Board. All transactions in which there are conflicts of interests with Managing Directors will be agreed on terms that are customary in the sector concerned and disclosed in our annual report.

The existence of a (potential) personal conflict of interest does not affect the authority to represent the Company, as described under "*-Management Board—Powers, responsibilities and functioning*" above. Each time when a resolution is adopted while one or more of the Managing Directors had a conflict of interest, the Management Board will afterwards inform the General Meeting and the Supervisory Board thereof and will indicate how they have dealt with such a conflict of Interest.

Managing Directors

At the date of this Prospectus, the Management Board is composed of Jan van Kuijk, Roger Hodenius and Han Sikkens, each of whom is envisaged to retire from the Management Board and to be appointed as Supervisory Directors as of the date of Conversion. See "*—Supervisory Board—Supervisory Directors*". As per the date of Conversion, the Management Board is envisaged to be composed of the following two Managing Directors whose appointments have been approved by DNB:

Name	Year of Birth	Position	Term
Dennis Dijkstra	1971	Co-CEO	four years
Sjoerd Rietberg	1979	Co-CEO	four years

Our registered address, Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands, serves as the business address for all Managing Directors.

Dennis Dijkstra

As of the date of Conversion, Dennis Dijkstra is envisaged to be appointed as our Co-CEO. He joined Flow Traders as its CFO in 2009 and was appointed Co-CEO at group level in January 2014, focusing on finance, risk, mid-office, compliance, legal, human resources and tax affairs.

Prior to joining Flow Traders in 2009 Mr. Dijkstra held positions at Arthur Andersen, Fxator Securities, NIBC and Sparck.

Mr. Dijkstra is currently a supervisory director of ThinkCapital Holding B.V. a Dutch ETF issuer in which the Company holds a 24% passive minority interest, and serves as a board member (treasurer) of APT, the association of proprietary traders in the Netherlands.

Mr. Dijkstra is a Dutch national and holds a Master's degree in Business Economics from the University of Amsterdam.

Sjoerd Rietberg

As of the date of Conversion, Sjoerd Rietberg is envisaged to be appointed as our Co-CEO. He joined Flow Traders in 2005 as a senior trader. Mr Rietberg was subsequently appointed as our head of trading in 2009 and as our COO in 2010. He was appointed Co-CEO at group level in January 2014 and focuses on trading operations, trading strategy, technology and software development globally.

Mr. Rietberg holds no ancillary positions.

Mr. Rietberg is a Dutch national and holds a Master's degree in Finance from Erasmus University Rotterdam and held a trading position at Newtrade Derivatives before joining Flow Traders.

Supervisory Board

Powers, responsibilities and functioning

The Supervisory Board supervises the conduct and policies of the Management Board and the general course of affairs of the Company and its business enterprise. The Supervisory Board also provides advice to the Management Board. In performing its duties, the Supervisory Directors are required to be guided by the interests of the Company and its business enterprise, taking into consideration the interests of the Group's stakeholders (which include but are not limited to our employees and the Shareholders). The Supervisory Board will also observe the corporate social responsibility issues that are relevant to us. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board may, at our expense, seek the advice which it deems desirable for the correct performance of its duties. The Supervisory Board will draw up a profile (*profiel*) for its size and composition taking into account the nature of our business, the Supervisory Board's activities and the desired expertise and background of the Supervisory Directors. The Supervisory Board shall discuss the profile at the occasion of its adoption and subsequently with each amendment thereof in the General Meeting.

Supervisory Board Rules

As required by the Articles of Association, the Supervisory Board must adopt rules of procedure concerning the division of its duties and its working method (and that of its committees as described below) (the "**Supervisory Board Rules**"). The Supervisory Board Rules will be in effect ultimately by the Settlement Date.

Composition, appointment and removal

The Articles of Association provide that the Supervisory Board must consist of a minimum of three members, with the exact number of Supervisory Directors to be determined by the Supervisory Board. As of the date of Conversion, the Supervisory Board will consist of six members. Only natural persons may be appointed as Supervisory Director.

Members of the Supervisory Board are appointed by the General Meeting upon a non-binding nomination of the Supervisory Board. The nomination must specify the reasons for the nomination. If no nomination has been made, which is also considered the case if the Supervisory Board's vote on the nomination ties, this must be stated in the notice. However, the General Meeting is not bound by a nomination and may appoint a Supervisory Director at its discretion, provided a proposal to appoint another person has been put on the agenda of the relevant General Meeting or, failing that, the entire issued capital is represented at the General Meeting and the resolution to appoint the alternative Supervisory Director has been adopted unanimously. See "*Description of Share Capital – General Meetings and voting rights – General Meetings*".

A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require an absolute majority of the votes cast, representing at least 50% of the Company's issued capital. The Supervisory Board shall appoint one of its Supervisory Directors as chairman and shall appoint one of its Supervisory Directors as vice-chairman.

Any nomination by the Supervisory Board must be drawn up with due observance of the profile (*profielschets*) for the size and the composition of the Supervisory Board adopted by the Supervisory Board and reviewed annually. The profile sets out the scope and composition of the Supervisory Board, taking into account the nature of the business, its activities, and the desired expertise and the background of the Supervisory Directors.

Any appointment of a member of the Supervisory Board must be approved by DNB. In connection with its approval procedure, DNB will test the proposed new member of the Supervisory Board on trustworthiness and suitability. One of the suitability criteria is independent functioning. Independent functioning as viewed by DNB includes the following three basic elements: (i) the Supervisory Director is able to act independently and to balance competing interests ("*independence in mind*"); (ii) the Supervisory Director avoids or controls any semblance of conflicting interests ("*independence in appearance*"); and (iii) the Supervisory Board as a body enjoys a sufficient degree of formal independence ("*independence in state*"). DNB translates this element into the requirement that at least half (50%) of the Supervisory Directors must be formally independent. See also "*Regulation— National Regulation—The Netherlands*".

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or dismiss a Supervisory Director. Should the General Meeting wish to suspend or dismiss a Managing Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by an absolute majority of the votes cast, representing at least 50% of the Company's issued capital.

Term of appointment

Supervisory Directors are appointed for a term of four years or less, provided that, unless a member of the Supervisory Board resigns at an earlier date, his or her term lapses at the first annual General Meeting after such four year period has elapsed. A Supervisory Director may be reappointed for a term of four years or less at a time, with due observance of the provision in the previous sentence. A Supervisory Director may be a Supervisory Director for a period of twelve years or less, which period may or may not be interrupted, unless the General Meeting resolves otherwise. The Supervisory Board has prepared a

resignation schedule for the Supervisory Directors which is reflected in the right hand column labelled 'Term' of the table under the heading "- *Supervisory Directors*" below.

Meetings and decisions

According to the Articles of Association and Supervisory Board Rules, resolutions of the Supervisory Board can only be adopted in a meeting by an absolute majority of the votes cast at which at least half of the Supervisory Directors is present or represented, provided that any member of the Supervisory Board with a direct or indirect personal conflict of interest (as specified in the Articles of Association and the Supervisory Board Rules) with the Company, is not taken into account when establishing this quorum.

The Supervisory Board shall meet at least five times a year and, furthermore, whenever the chairman and two other members of the Supervisory Directors or the Management Board deem(s) necessary. Meetings of the Supervisory Board are attended by the Managing Directors, unless the Supervisory Board decides otherwise and save for certain meetings as described in the Supervisory Board Rules.

If there is a tie of votes the chairman shall decide, but only if more than two members of the Supervisory Board are present. If there is a tie of votes concerning (i) a resolution to nominate a Managing Director or Supervisory Director for appointment or (ii) a resolution to propose the suspension or removal of members of the Management Board as contemplated by the Articles of Association, the General Meeting shall decide.

Pursuant to the Supervisory Board Rules, the Supervisory Directors shall endeavour to achieve that resolutions are as much as possible adopted unanimously. Where unanimity cannot be reached and the law, the Articles of Association or the Supervisory Board Rules do not prescribe a larger majority, resolutions of the Supervisory Board are adopted if an absolute majority of the Supervisory Directors entitled to vote is present or represented and has voted in favour of the resolution.

Pursuant to the Articles of Association and the Supervisory Board Rules, resolutions can also be adopted without holding a meeting with an absolute majority of the votes cast provided that all members of the Supervisory Board without a conflict of interest have been given the opportunity to express their opinion on the proposed resolution, the majority of them have expressed themselves in favour of the relevant proposal in writing and none of them have objected, on reasonable grounds, to this manner of decision-making process.

Conflict of interest

Similar to the rules that apply to the Managing Directors as described above, the laws of the Netherlands also provide that a supervisory director of a Dutch public limited liability company, such as the Company (after the execution of the Deed of Amendment), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with our interests.

A Supervisory Director, who thinks that he has or might have a conflict of interest related to a proposed resolution of the Supervisory Board, shall notify the other Supervisory Directors thereof as soon as possible. The other Supervisory Directors shall, upon receipt of the aforementioned notification, decide whether the respective member of the Supervisory Board has a conflict of interest. In case it is decided that the respective member of the Supervisory Board has a conflict of interest, he cannot participate in the consultation and decision-making of the Supervisory Board regarding the proposed resolution. If as a consequence all members of the Supervisory Board cannot participate in the consultation and decision-making of the Supervisory Board regarding such supervisory board resolution, they can participate in the consultation and decision-making of the Supervisory Board regarding such resolution despite the conflict of interest.

Each time when a resolution is adopted while one or more of the Supervisory Directors had a conflict of interest, the Supervisory Board will inform the General Meeting thereof and will indicate how they have dealt with such a conflict of interest. See also "- *Potential Conflicts of Interest and Other Information*".

Supervisory Directors

As of the date of Conversion, the Supervisory Board is envisaged to be composed of the following six Supervisory Directors whose appointments have been approved by DNB.

Name	Year of Birth	Position	Member as of	Term
Eric Drok	1960	Chairman, Independent Member	2015	4 years
Jan van Kuijk	1966	Vice-chairman, Member	2015	3 years
Roger Hodenius	1972	Member	2015	4 years
Han Sikkens	1978	Member	2015	3 years
Olivier Bisselier	1967	Independent Member	2015	4 years
Rudolf Ferscha	1961	Independent Member	2015	3 years

Our registered address, Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands, serves as the business address for all Supervisory Directors.

Eric Drok

As of the date of Conversion, Eric Drok is envisaged to be appointed as the Chairman of the Supervisory Board. He gained 30 years of experience at domestic and international banks, including ABN AMRO's predecessors, ING Bank and its predecessors and Rabobank.

Mr. Drok has served as CEO of ING Direct and ING Bank Australia between January 2006 and June 2009, followed by serving as a board member of ING Bank Slaski (Poland) between June 2009 and June 2011. Between September 2011 and December 2014 Mr. Drok served as Chief International Direct & Retail Banking at Rabobank.

Since December 2014, Mr. Drok has served as non-executive chairman of the board of directors of Zanaco Bank, a Zambian listed commercial bank and as a member of the board of directors of Rabobank Australia Limited and Rabobank New Zealand Limited (until mid-2015). In addition, he acts as an adviser to Dutch high-street fashion chains Coolcat, America Today, MS Mode and Sapph.

Mr. Drok is a Dutch national and holds a Master's degree in Business Administration from Erasmus University Rotterdam and a Law degree from the same university, mastering in private law and business law.

Jan van Kuijk

At the date of this Prospectus, Jan van Kuijk is a member of the Management Board. Mr. van Kuijk is envisaged to resign as Managing Director and be appointed Supervisory Director as of the date of Conversion. He is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in 2004 until January 2014. Together with the other Co-CEO, Roger Hodenius, he determined the broader strategy of Flow Traders.

Until 1996, Mr Van Kuijk 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.

Mr. Van Kuijk is being considered to be appointed as a board member of Stichting Administratiekantoor Deep Blue Capital in due course. Mr Van Kuijk also holds positions as a member of the supervisory board and advisory board of Newion Investments CV II, an investor in early-stage or expansion stage business technology companies, concentrating on innovative business-to-business software.

Mr. Van Kuijk is a Dutch national and holds a degree in Commercial Economics from HEAO 's-Hertogenbosch.

Roger Hodenius

At the date of this Prospectus, Roger Hodenius is a member of the Management Board. Mr. Hodenius is envisaged to resign as Managing Director and be appointed Supervisory Director as of the date of Conversion. He is one of the co-founders of Flow Traders and served as its Co-CEO from its inception in

2004 until January 2014. Mr. Hodenius was responsible for the Flow Traders vision and culture, the trading strategies and the trading floor. Together with the other Co-CEO, Jan van Kuijk, he determined the broader strategy of Flow Traders.

Prior to founding Flow Traders, Mr. Hodenius worked at Optiver between 1996 and 2003, where he was a partner responsible for training junior floor traders and the index options book. Mr. Hodenius set up a desk with new strategies and became a market maker in the first ETFs listed in Europe, the Merrill Lynch Leaders. Mr. Hodenius served as a supervisory board member for ThinkCapital Holding B.V. between 2010 and 2012.

Mr. Hodenius is a Dutch national and holds a Master's degree in Economics from Maastricht University.

Han Sikkens

At the date of this Prospectus, Han Sikkens is a member of the Management Board. He led Summit Partners' minority investment in the Company in June 2008 and is envisaged to resign as Managing Director and be appointed Supervisory Director as of the date of Conversion. Mr. Sikkens is a managing director and member of various entities affiliated with Summit Partners L.P., a global growth equity firm that has raised more than \$16.0 billion in capital, where he has been employed since 2004.

Mr. Sikkens is currently a director of 360 Treasury Systems AG, a multi-asset trading and workflow solutions SaaS platform, Acturis Limited, a provider of SaaS solutions to the insurance sector, Masternaut Group Holdings Limited, a provider of SaaS telematics solutions and Welltec International ApS, a provider of precision robotic solutions for oil and gas wells. Previously, Mr. Sikkens led Summit Partners' investments in Avast Software B.V., a consumer security software company and SafeBoot Holdings B.V, a provider of enterprise security software. Prior to joining Summit Partners L.P., Mr. Sikkens held positions at Scotia Capital and IBM Corporation.

Mr. Sikkens is a Dutch national and holds a Master's degree in Business Administration from the University of Groningen and a Master's degree in International Finance from the CERAM Graduate School of Management & Technology in France.

Olivier Bisserier

As of the date of Conversion, Olivier Bisserier is envisaged to be appointed as a member of the Supervisory Board.

Mr. Bisserier has 25 years of experience in international financial roles, including as a senior manager for PwC until 2000, followed by finance director roles and subsequently serving as European CFO of TNS, a LSE-listed market research group, acquired by WPP in 2008.

As of 2010, Mr. Bisserier serves as the CFO for Booking.com (part of Priceline Group, a NASDAQ-listed travel e-commerce company).

Mr. Bisserier is a French national and holds a degree in Finance and Business Administration from Normandy Management School.

Rudolf Ferscha

As of the Date of Conversion, Rudolf Ferscha is envisaged to be appointed as a member of the Supervisory Board. He has over 25 years of experience in various board roles 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, Mr. Ferscha served as CEO of Eurex, the international derivatives exchange and clearing group, and held responsibility as Chairman of the management board of the Frankfurt Stock Exchange from 2003 to 2005.

Mr. Ferscha's non-executive roles have included serving as chairman of U.S. Futures Exchange LLC, Chicago, Ill, USA, as a member of the board of The Clearing Corporation, Chicago, Ill, USA, as a member of the board of Clearstream Banking AG, and as a member of the Professional Oversight Board

of the Financial Reporting Council, the UK's independent regulator responsible for corporate governance and financial reporting.

Mr Ferscha is an Independent Board Director of Moody's Investors Service Limited, Moody's Investors Service EMEA Limited, Moody's France SAS and Moody's Deutschland. He further serves on the board of 360 Treasury Systems AG, a multi-asset trading and workflow solutions platform for financial instruments.

Mr. Ferscha, originally a corporate finance and capital markets lawyer, is an Austrian national and holds a Law degree from the University of Vienna.

Supervisory Board committees

As of the date of Conversion, the Supervisory Board will have a Remuneration and Appointment Committee, an Audit 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. In accordance with the Supervisory Board Rules, the Supervisory Board will draw up rules on each committee's role, responsibilities and functioning, which rules will be in effect ultimately by the Settlement Date. The committees consist of Supervisory Directors. They report their findings to the Supervisory Board, which is ultimately responsible for all decision-making.

Remuneration and Appointment Committee

The Remuneration and Appointment Committee advises the Supervisory Board on the exercise of its duties regarding the Company's remuneration policy, including analyzing developments of the Dutch Corporate Governance Code and other applicable laws and regulations, including the Remuneration Act, and preparing proposals for the Supervisory Board on these subjects. It furthermore advises the Supervisory Board on its duties regarding the selection and appointment of Managing Directors and Supervisory Directors. The duties of the Remuneration and Appointment Committee include the preparation of proposals of the Supervisory Board on the Company's remuneration policy to be adopted by the General Meeting, and on the remuneration of the individual Managing Directors to be determined by the Supervisory Board. The Remuneration and Appointment Committee also prepares a remuneration report on the execution of the Company's remuneration policy during the respective year to be adopted by the Supervisory Board. Furthermore, the duties of the Remuneration and Appointment Committee include preparing the selection criteria and appointment procedures for Managing Directors and Supervisory Directors, and proposing the profile (*profiel*) for the Supervisory Board. It also periodically assesses the scope and composition of the Management Board and the Supervisory Board, and the functioning of the individual directors. The Remuneration and Appointment Committee also makes proposals regarding appointments and reappointments and reviews the Management Board's proposal regarding the annual remuneration and variable compensation of all employees. The Remuneration and Appointment Committee meets at least three times every year.

The Remuneration and Appointment Committee will consist of Rudolf Ferscha (chairman), Roger Hodenius, Eric Drok and Jan van Kuijk.

The rules for the Remuneration and Appointment Committee will be published on our website under www.flowtraders.com ultimately on the Settlement Date.

Audit Committee

The duties of the Audit Committee include the supervision and monitoring as well as advising the Management Board and each Managing Director regarding the submission of our financial information, the compliance with recommendations of our finance department and external accountants, our policy on tax planning and our financing arrangements. It furthermore maintains regular contact with and supervises the external accountant and it prepares the nomination of an external accountant for appointment by the General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of the annual accounts and the annual budget and major capital expenditures. The Audit Committee meets at least four times a year.

The Audit Committee will consist of Olivier Bisserier (chairman), Han Sikkens, Jan van Kuijk and Eric Drok.

The rules for the Audit Committee will be published on our website under www.flowtraders.com ultimately on the Settlement Date.

Trading and Risk Committee

The duties of the Trading and Risk Committee include the supervision and monitoring, as well as advising the Management Board and each Managing Director on the operation of our internal risk management and control systems. The Trading and Risk Committee is also responsible for the monitoring of trading strategies. It maintains regular contact with the Company's trading and risk departments and reports periodically to the Supervisory Board. The Trading and Risk Committee meets at least four times a year. The Trading and Risk Committee will consist of Roger Hodenius (chairman), Jan van Kuijk, Olivier Bisserier and Rudolf Ferscha.

The rules for the Trading and Risk Committee will be published on our website under www.flowtraders.com ultimately on the Settlement Date.

Technology Committee

The Technology Committee is responsible for the identification and monitoring of required technical resources, technology roadmaps and the risks related to developing, implementing and utilization of automated trading systems. It furthermore has regular contact with the technology and risk departments

and prepares a periodic report to the Supervisory Board. The Technology Committee meets at least three times a year. The Technology Committee will consist of Jan van Kuijk (chairman), Roger Hodenius, Olivier Bisserier and Han Sikkens.

The rules for the Technology Committee will be published on our website under www.flowtraders.com ultimately on the Settlement Date.

Maximum Number of Supervisory Positions of Managing Directors and Supervisory Directors

Since 1 January 2013, restrictions apply with respect to the overall number of supervisory positions that a managing director or supervisory director (including a one-tier board) of "large Dutch companies" may hold. The term "large Dutch companies" applies to Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that meet at least two of the following three criteria: (i) the value of the company's/foundation's assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds €17.5 million; (ii) its net turnover in the applicable year exceeds €35.0 million; and (iii) its average number of employees in the applicable year is 250 or more.

A person cannot be appointed as a managing or executive director of a "large Dutch company" if he/she already holds a supervisory position at more than two other "large Dutch companies" or if he/she is the chairman of the supervisory board or one-tier board of another "large Dutch company". Also, a person cannot be appointed as a supervisory director or non-executive director of a "large Dutch company" if he/she already holds a supervisory position at five or more other "large Dutch companies", whereby the position of chairman of the supervisory board or one-tier board of another "large Dutch company" is counted twice.

We meet the criteria of a "large Dutch company"; all Managing Directors and Supervisory Directors comply with these rules.

Diversity

Dutch law requires large Dutch companies (see above for the explanation of this term) to pursue a policy of having at least 30% of the seats on both the management board and supervisory board held by men and at least 30% of the seats on both the management board and supervisory board held by women, each to the extent these seats are held by natural persons. The Company is required to take this policy into account in connection with (i) the (nomination for the) appointment of members of the Management Board and Supervisory Board; (ii) drafting the criteria for the size and composition of the Management Board and Supervisory Board, as well as the designation, appointment, recommendation and nomination for appointment of Supervisory Directors; and (iii) drafting the criteria for the Supervisory Directors.

Pursuant to Dutch law, if a large Dutch company does not comply with the gender diversity rules, it will be required to explain in its annual report (i) why the seats are not allocated in a well-balanced manner as aforesaid; (ii) how it has attempted to achieve a well-balanced allocation; and (iii) how it aims to achieve a well-balanced allocation in the future. Although these rules are temporary and will cease to have effect on 1 January 2016, the legislature will evaluate the impact of these rules. This may result in new legislation in this respect.

Potential Conflicts of Interest and Other Information

At the date of this Prospectus, Jan van Kuijk, Roger Hodenius and Han Sikkens are affiliated with Javak, Avalon and Summit Partners respectively. See also "*Major Shareholders and Related Party Transactions – Major Shareholders*". In addition, the Managing Directors hold a minor indirect stake in the Company at the date of this Prospectus and will continue to hold a minor direct stake following Settlement. As such a conflict of interests may arise between the interests typically attributed to Shareholders and the interests of our Supervisory and Managing Directors. See also "*—Equity Holdings*", "*Major Shareholders and Related Party Transactions—Major Shareholders*", "*—Management Board—Conflict of Interest*" and "*—Supervisory Board—Conflict of Interest*".

Other than these circumstances, we are not aware of any potential conflicts between the personal interests or other duties of Supervisory Directors and personal interests or other duties of Managing Directors on

the one hand and the interests of the Company on the other hand. There is no family relationship between any Managing Director and any Supervisory Director.

During the last five years, none of the Managing Directors or Supervisory Directors: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Other than as disclosed herein, we are not aware of any arrangement or understanding with major Shareholders, counterparties or others pursuant to which any Managing Director or Supervisory Director was selected as a member of such management or supervisory bodies of the Company.

Management Board Remuneration

The remuneration of the Management Board consists of a fixed base salary and a variable compensation in cash.

Fixed base salary

The annual base salary of each Managing Director is a fixed cash annual base salary of €94,608.

Variable compensation in the form of cash

In accordance with the remuneration policy in place for other employees, the members of the Management Board are entitled to an annual variable compensation based on performance in respect of individual criteria and the contribution to the success of the Company as whole. These criteria are proposed by the Remuneration and Appointment Committee and set by the Supervisory Board. These criteria reflect financial performance and include other quantitative and qualitative criteria related to our non-financial performance. It is expected that the remuneration policy of the Management Board will be determined by the General Meeting upon written proposal of the Supervisory Board prior to Settlement. 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 remuneration policy and applicable laws and regulations.

Variable compensation is paid in cash in two instalments – 50% shortly after the award and 50% is deferred for a year. The deferred variable compensation acts as a first loss tranche to compensate any operating loss in the subsequent year before that loss impacts shareholder equity. During that year such balance is fully at risk for any negative operational result of the Company. To the extent the Company sustains a loss in that year, the second instalment will be paid less the pro rata amount of the loss or be entirely forfeited.

Shares

The members of the Management Board do not receive any share-based remuneration.

Pensions for the Management Board

At the date of this Prospectus, we have not reserved or accrued any amounts to provide pension, retirement or similar benefits for the Managing Directors.

Remuneration for the Management Board in 2014

The remuneration of the Co-CEOs, who are envisaged to be appointed as Managing Directors immediately after Conversion, in 2014 consisted of a fixed and variable part, comprising base salary and a variable compensation. The gross total aggregate remuneration received in 2014 by the Co-CEOs together, including social security premiums, was €3.5 million. The current board members of the Company prior to Conversion, Mr. Hodenius, Mr. Van Kuijk and Mr. Sikkens together received €0.4 million in gross total aggregate remuneration for 2014, including social security premiums.

Adjustments to variable remuneration

Pursuant to the laws of the Netherlands and the Dutch Corporate Governance Code and applicable laws and regulations, including the Remuneration Act, the remuneration of Managing Directors may be reduced or Managing Directors 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 Managing Director 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 laws of the Netherlands, including the Remuneration Act, to recover from a Managing Director any variable remuneration awarded on the basis of incorrect financial or other data ("*claw back*").

Pursuant to the laws of the Netherlands, 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.

Supervisory Board Remuneration

The General Meeting determines the remuneration of the Supervisory Directors. The Supervisory Board will submit a proposal to the General Meeting in respect thereof. The remuneration of the Supervisory Board cannot be dependent on our results.

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

Pensions for the Supervisory Board

At the date of this Prospectus, we have not reserved or accrued any amounts to provide pension, retirement or similar benefits for the Supervisory Directors.

Participation by the Co-CEOs and Other Employees of Our Group

Employee Participation Plan

The Foundation has issued depositary receipts for membership interests in the Company's capital to Javak, Avalon and a number of current and former employees, including the Co-CEOs. See also "*Major Shareholders and Related Party Transactions—Major Shareholders*". As at the date of this Prospectus, the employee participation plan ("**EPP**") represents, on aggregate and on a fully-diluted basis, an indirect economic interest of 70.99% in the capital of the Company.

Immediately following the Conversion:

- i. all depositary receipts for membership interests issued to Javak, Avalon and the Co-CEOs will be cancelled, as a result of which both Javak, Avalon and Co-CEOs become direct Shareholders in the Company instead of the Foundation. The dividend, voting and other rights attached to these Shares are identical to such rights attached to all other Shares. Javak and Avalon will become a party to the Underwriting Agreement. See "*Major Shareholders and Related Party Transactions—Major Shareholders*" and "*Plan of Distribution—Underwriting Arrangements*" for additional information.
- ii. the Foundation, in its capacity as a Selling Shareholder, is expected to become a party to the Underwriting Agreement, for purposes of effecting the sale and transfer of the Offer Shares to be sold and transferred by it on behalf of the current and former employees holding the depositary receipts issued by it in respect of these Offer Shares. See also "*Plan of Distribution—Underwriting Arrangements*"; and
- iii. the depositary receipts issued to these (former) employees in respect of Shares that will not be sold and transferred on behalf of these (former) employees, will be cancelled immediately following the Conversion, as a result of which these (former) employees will become direct Shareholders in the Company instead of the Foundation. The dividend, voting and other rights attached to the Shares that are to be distributed to (former) employees are identical to such rights attached to all other Shares.

The Co-CEOs as well as certain other participants in the EPP are expected to enter into lock-up arrangements with the Underwriters in respect of the Shares held by them following completion of the Offering. See also "*Plan of Distribution—Lock-Up Arrangements*". The Co-CEOs will not sell or transfer any Shares in the Offering.

If Conversion does not take place, the participants in the EPP shall continue to hold the depositary receipts on existing terms.

2015 Employee Equity Plan

Around 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs. The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. The aggregate subscription price paid for such depositary receipts was €22.2 million.

Immediately following Conversion, the depositary receipts for membership interests issued under the 2015 EEP will be exchanged for Shares, as a result of which these employees, including the Co-CEOs, will become direct Shareholders in the Company. The dividend, voting and other rights attached to these Shares are identical to such rights attached to all other Shares. None of these Shares will be sold or transferred in the Offering. The 2015 EEP is not contingent on completion of the Offering. If Conversion does not take place, the relevant employees shall continue to hold the depositary receipts on the same terms.

Main restrictions and other key terms of the 2015 EEP are:

- a lock-up arrangement is entered into by each of the participants with the Company pursuant to which no depositary receipts or Shares may be transferred, sold, assigned or encumbered in any way by or on behalf of the holder thereof, nor may any transaction be entered into which has an effect that is legally or economically similar to a transfer, assignment or encumbrance, in each case for a period ending around 1 June 2018, which is the date 3 years as from the date of settlement of the 2015 EEP for the relevant individual;
- in the event of termination of employment during the 3-year lock-up period, and in the years thereafter in respect of depositary receipts or Shares that remain subject to a lock-up as set out below, the employee must offer its locked-up depositary receipts or Shares to the Foundation or the Company, as the case may be, at the lower of (i) the corresponding subscription price paid for the relevant depositary receipts and (ii) the fair market value of such securities at the time of such termination, and in any event within 5 business days of the Foundation or the Company having given notice to the employee thereof. The Foundation or the Company, as the case may be, may at its discretion accept the offer, subject to any applicable restrictions under corporate or securities laws; and

- after the expiry of the foregoing 3-year lock-up period, and conditional on the employee having remained employed with the Company or any of its subsidiaries during the 3-year lock-up period and up to the relevant moment of transfer or sale, as the case may be, and depending on the moment of such transfer or sale, the owner of the depositary receipts or Shares, as the case may be, may transfer or sell such securities only in the manner set out below: (i) up to a maximum of 25% of the depositary receipts or Shares in the first year after the expiry of the 3-year lock-up period, (ii) up to a maximum of 50% of the depositary receipts or Shares in the second year after the expiry of the 3-year lock-up period, (iii) up to a maximum of 75% of the depositary receipts or Shares in the third year after the expiry of the 3-year lock-up period, and (iv) all of the depositary receipts or Shares after the third year after the expiry of the 3-year lock-up period.

In addition, the Co-CEOs as well as certain other participants in the EPP are expected to enter into lock-up arrangements with the Underwriters in respect of the Shares held by them following completion of the Offering, including those obtained as a result of participation in the 2015 EEP. See also "*Plan of Distribution—Lock-Up Arrangements*". Dividend, voting and other rights attached to the Shares obtained under the 2015 EEP are identical to such rights attached to all other Shares.

Interests held by the Co-CEOs

The number of depositary receipts held by the Co-CEOs as at the date of this Prospectus is set forth in the table below:

Name	Depositary Receipts pursuant to the EPP	Depositary Receipts pursuant to the 2015 EEP	Percentage of interests
Mr. Dijkstra	42,116	2,000	2.37%
Mr. Rietberg	30,297	2,750	1.78%

Interests held by envisaged Supervisory Directors

As at the date of this Prospectus, Mr. Van Kuijk holds an indirect interest in the Company through Javak and Mr. Hodenius holds an indirect interest in the Company through Avalon. See also "*Major Shareholders and Related Party Transactions—Major Shareholders*".

SARs

During 2009 and 2011, the Company granted SARs to certain eligible senior employees, including the Co-CEOs. The SARs, in accordance with their terms, entitle these persons to a cash payment after six years of service (vesting period) following the date of the granting of the SARs (or earlier, subject to applicable vesting arrangements).

The Company has decided to cancel and settle the SARs in connection with the Offering. Upon, and subject to, Settlement occurring, the Company will therefore repurchase all SARs from each of the participants, assuming a 100% vesting, against an aggregate settlement amount calculated as set out below. After repurchase of the SARs, the Company will terminate the SARs scheme and no further rights or obligations will be outstanding vis-a-vis the participants.

The calculation of the settlement amounts to be paid to the participants shall be based on the average of the opening price and the closing price of the Shares after the first day of trading and settlement of the SARs will occur fully in cash. The SARs expenses shall be reported as other expenses in the financial statements for the nine months period ending on 30 September 2015. By way of example, based on an Offer Price at the midpoint of the Offer Price Range and assuming that the opening price and closing price for the Shares after the first day of trading are equal to the Offer Price, the total gross expenses for the Company in connection with the settlement and termination of the SARs scheme shall amount to approximately €30 million and the Co-CEOs will receive an aggregate gross amount of approximately €20 million.

For additional information regarding the accounting treatment of the SARs, including historical provisioning and the inputs used in the measurement of the fair values at their grant date and measurement date, reference is made to the information set forth in notes 23 and 25 of the Special Purpose Financial Statements and in note 6 of the Interim Financial Statements.

Employment, Service and Severance Agreements

As of the date of this Prospectus, the Co-CEOs are employed by Flow Traders B.V. The terms and conditions of employment are governed by Dutch employment law. Each Co-CEO is envisaged to settle its employment agreement with Flow Traders B.V. and enter into a service agreement (*overeenkomst van opdracht*) with the Company effective as of the date of Conversion. The terms and conditions of these service agreements have been aligned with the relevant provisions in the current employment agreements and the Dutch Corporate Governance Code. The service agreements will be entered into for an indefinite term. The service agreements will also contain severance provisions, which shall be in accordance with the statutory provisions at such time. The Supervisory Directors are envisaged to sign a letter of appointment with us.

Liability of Managing Directors and Supervisory Directors

Under the laws of the Netherlands, the Managing Directors and Supervisory Directors may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Insurance

The Managing Directors, the Supervisory Directors and certain other employees and all other directors and/or officers of the Group are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as members or officers.

Indemnification

Pursuant to the Articles of Association, and unless the laws of the Netherlands provide otherwise, the following will be reimbursed to *inter alia* current and former Managing Directors and Supervisory Directors: (i) the reasonable costs of conducting a defense against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at our request; (ii) any damages or fines payable by them as a result of an act or failure to act as referred to under (i); and (iii) the reasonable costs of appearing in other legal proceedings or investigations in which they are involved as current or former Managing Directors or Supervisory Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

There shall be, however, no entitlement to reimbursement if and to the extent that: a Dutch court or, in the event of arbitration, an arbitrator has established in a final and conclusive decision that the act or failure to act of the person concerned can be characterized as willful (*opzettelijk*) or grossly negligent (*grove schuld*) misconduct, unless the laws of the Netherlands provide otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; or the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

Pension Schemes

None of the Group companies has implemented a pension plan as at the date of this Prospectus.

Employees

The table below provides an overview of the total numbers of employees of our Group, subdivided per operating segment. These numbers are measured in FTEs (excluding associates).

Geographic subdivision of employees	As of 31 December		
	2014	2013	2012
The Netherlands	144	131	107
Romania.....	14	17	18
Singapore	27	26	22
United States.....	30	29	31
Total	215	203	178

74 FTEs were employed in Trading, 73 in Development and IT and 68 in other departments.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended, became effective on 1 January 2009 and finds its statutory basis in Book 2 of the Dutch Civil Code. The Dutch Corporate Governance Code applies to us as we have our registered office in the Netherlands and the Shares will be listed on the regulated market Euronext Amsterdam.

The Dutch Corporate Governance 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 Dutch Corporate Governance 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.

The Dutch Corporate Governance Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual report filed in the Netherlands whether or not they are complying with the various principles and provisions of the Dutch Corporate Governance Code that are addressed to the board of directors or, if any, the supervisory board of the company. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason why must be properly explained in its annual report.

We acknowledge the importance of good corporate governance and endeavor to comply in general with the provisions of the Dutch Corporate Governance Code. However, there are a limited number of best practice provisions that we currently do not comply with.

Compliance with the Dutch Corporate Governance Code

We fully endorse the underlying principles of the Dutch Corporate Governance Code, and are committed to adhering to the best practices of the Dutch Corporate Governance Code as much as possible. We fully comply with the Dutch Corporate Governance Code with the exception of the following provisions:

- best practice provision III.2.1, which provides that all supervisory directors, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2. As per the date of Conversion, three out of six of the members of the Supervisory Board are not independent.
- 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.2.2. Given the number of members of the Supervisory Board that are not independent, each of the Supervisory Board committees will comprise of more than one non-independent Supervisory Director as per the date of Conversion.
- best practice provision IV.1.1, which provides that the general meeting of a company not having 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 Dutch Corporate Governance 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 favour 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 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% of the Company's issued capital. In addition, the Articles of Association provide that if this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination or to dismiss a board member, a new meeting may not be convened in which the resolution may be adopted regardless of the proportion of the capital represented at the meeting. This means that in order for such a resolution to be adopted, a new meeting should be convened in which more than 50% of the Company's issued capital is represented and an absolute majority of the votes are cast in favour of such resolution.

- 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 does not have a formal internal audit function at the date of this Prospectus.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth information with respect to the beneficial ownership of each Selling Shareholder, as at the date of this Prospectus:

Member	Membership Interests	
	<i>Class of membership interest</i>	<i>Membership interest and voting rights</i>
Summit Investors VI, L.P.	Class A membership interest	0.07%
Summit Partners Private Equity Fund VII-A, L.P.	Class A membership interest	18.08%
Summit Partners Private Equity Fund VII-B, L.P.	Class A membership interest	10.86%
Stichting Administratiekantoor Flow Traders	Class B membership interest	70.99%

As at the date of this Prospectus, the Foundation has issued depositary receipts for membership interests in the Company's capital to Javak (controlled by Mr. van Kuijk), representing a 20.27% indirect economic interest in the capital of the Company, to Avalon (controlled by Mr. Hodenius), representing a 20.27% indirect economic interest in the capital of the Company, to RJT Investments B.V. (controlled by Mr. R.J. Tse) held through the Foundation, representing a 5.51% indirect economic interest in the capital of the Company, and TCB Holding B.V. (controlled by Mr. P.J. van der Geest), held through the Foundation, representing a 3.69% indirect economic interest in the capital of the Company.

In addition, the Foundation has issued depositary receipts for membership interests in the Company's capital to certain other current and former employees, each of whom is holding an indirect economic interest of less than 3% in the capital of the Company.

Immediately following Conversion, (i) the depositary receipts issued to Javak and Avalon will be cancelled as a result of which both Javak and Avalon will become direct Shareholders in the Company and (ii) the Foundation, in its capacity as a Selling Shareholder, is expected to become a party to the Underwriting Agreement, for purposes of facilitating the sale and transfer of the Offer Shares to be sold and transferred by it on behalf of the current and former employees holding the depositary receipts issued in respect of these Offer Shares. Following the entry into of the Underwriting Agreement, the Foundation will cancel the depositary receipts relating to the Shares that will not be sold in the Offering and those Shares will be transferred to the relevant (former) employees who will thereby become direct Shareholders in the Company instead of the Foundation.

For the past three years, Jan van Kuijk (controlling Javak), Roger Hodenius (controlling Avalon) and Han Sikkens (managing director and member of various entities affiliated with Summit Partners) have been members of the Management Board. As of the date of Conversion, each of them is envisaged to retire from the Management Board and to be appointed as Supervisory Directors.

Holdings At and Immediately After Settlement

The Selling Shareholders are offering up to 16,287,075 Offer Shares in the Offering, assuming no exercise of the Over-allotment Option. Assuming no exercise of the Over-allotment Option (as defined below), the Offer Shares will constitute up to approximately 35% of the Shares. Assuming the Over-allotment Option is fully exercised, the Offer Shares will constitute not more than approximately 40.2% of the Shares. The table below presents information about the ownership of Shares by each Selling Shareholder as immediately after Settlement, assuming full exercise of the Over-allotment Option and taking into account the Conversion and the cancellation of the issued depositary receipts for membership interests in the Company's capital, see also "Existing Employee Participation".

Selling Shareholders	ownership of Shares
	<i>on/shortly after Settlement</i>
Summit Investors VI, L.P.	0.02%
Summit Partners Private Equity Fund VII-A, L.P.	5.58%
Summit Partners Private Equity Fund VII-B, L.P.	3.35%
Avalon Holding B.V.	14.27%
Javak Investments B.V.	14.27%

Our Shareholders may be or become subject to notification obligations under the Dutch Financial Supervision Act. See "*Description of Share Capital—Obligations to Disclose Holdings*" for a description of the manner and circumstances in which such notification must be made and by whom.

Immediately following Conversion, (i) the depositary receipts issued to Javak and Avalon will be cancelled as a result of which both Javak and Avalon will become direct Shareholders in the Company and (ii) the Foundation, in its capacity as a Selling Shareholder, is expected to become a party to the Underwriting Agreement. See "*—Major Shareholders*" above.

Related Party Transactions

For information regarding related party transactions, reference is made to the information set forth in note 28 of the Special Purpose Financial Statements and in note 10 of the Interim Financial Statements.

Relationship Agreement

The Company, Summit Partners, Avalon and Javak have entered into a relationship agreement (the "**Relationship Agreement**"), which will become effective as of the date immediately prior to the First Trading Date.

The Relationship Agreement contains certain arrangements regarding the relationship between the Company, Summit Partners, Avalon and Javak as of the Settlement Date. Below is a summary of the main elements of the Relationship Agreement.

Transactions between the Company and Summit Partners, Avalon and Javak

Each of Summit Partners, Avalon and Javak has agreed that it will:

- (a) conduct transactions and relationships with the Company and any of its subsidiaries and ensure that agreements or arrangements between it or any of its respective affiliates and the Company or any of the Company's subsidiaries are entered into on arm's length terms and on a normal commercial basis;
- (b) not exercise any of its voting or other rights and powers to procure any amendment to the Articles of Association that would be inconsistent with any of the provisions of the Relationship Agreement;
- (c) exercise its reasonable powers to procure that each of the Company and other members of the Group are capable of carrying on its business independently of any of Summit Partners, Avalon or Javak or any member of such Shareholder's group; and
- (d) not take any action (or omit to take any action) to prejudice the Company's listing after admission to trading and listing has occurred, provided that this shall not prevent any of Summit Partners, Avalon or Javak or a member of their respective groups from:
 - (i) accepting a takeover offer made in accordance the relevant provisions of the Dutch Financial Supervision Act (in each case, to the extent applicable);

- (ii) itself making a takeover offer for all of the Shares (other than those which it already owns) and de-listing the Company after such takeover offer has become wholly unconditional;
- (iii) vote in favour or take other action in relation to a resolution (i) to liquidate the Company or (ii) that contemplates the Company entering into a legal merger or de-merger with another entity or entities whereby the Company ceases to exist; or
- (iv) selling its Shares.

Composition of the Supervisory Board

Pursuant to the Relationship Agreement, Summit Partners, Avalon and Javak have the right to designate for nomination and propose replacements for a certain number of Supervisory Board positions. Initially between them, Summit Partners, Avalon and Javak will be in a position to designate for nomination three out of six Supervisory Board positions. Jan van Kuijk has been designated as member of the Supervisory Board by Javak, Roger Hodenius has been designated as member of the Supervisory Board by Avalon and Han Sikkens has been designated as member of the Supervisory Board by Summit Partners. Any individuals so designated for appointment will need to meet the profile of the members of the Supervisory Board, but will not need to be "independent" within the meaning of the Dutch Corporate Governance Code. The chairman of the Supervisory Board shall at all times be someone who qualifies as independent within the meaning of the Dutch Corporate Governance Code.

The designation rights of Summit Partners, Avalon and Javak will expire depending on the percentage of each of their shareholdings, as follows:

- (a) if Summit Partners, directly or indirectly, holds less than five percent (5%) of the Shares, the right of Summit Partners to designate a Supervisory Director will expire;
- (b) if Javak or Avalon, directly or indirectly, holds less than five percent (5%) of the Shares, the right of Javak or Avalon, as the case may be, to designate a Supervisory Director will expire, provided that and for as long as, in aggregate, Javak and Avalon continue to hold more than five percent (5%) of the Shares, Javak and Avalon shall be entitled to jointly designate one Supervisory Director; and
- (c) if Javak and Avalon, directly or indirectly, in aggregate hold less than five percent (5%) of the Shares, the right of Javak and Avalon to jointly designate a Supervisory Director will expire.
- (d) the Supervisory Director designated pursuant to an expired designation right shall resign upon first request by the Company, unless the Supervisory Board (excluding such Supervisory Director) determines that the resignation may take place later, whereby such resignation shall in any case be effectuated by the next extraordinary or annual General Meeting. An expired designation right will not revive, regardless of any subsequent increase of the number of Shares held by any of Summit Partners, Avalon or Javak.

Composition of the Supervisory Board Committees

The Relationship Agreement provides that the Supervisory Directors shall procure at all times that:

- a) the Remuneration & Appointment committee will consist of at least two members and will include at least an Avalon Supervisory Board Member or a Javak Supervisory Board member;
- b) the Audit committee will consist of at least two members and will include at least an Avalon Supervisory Board Member or a Javak Supervisory Board member and, to the extent Summit has a designation right in relation to the members of the Supervisory Board under this Agreement, a Summit Supervisory Board Member;
- c) the chairman of the Audit committee shall be a member of the Audit committee that is an Independent Supervisory Board Member;

- d) the chairman of the Remuneration & Appointment committee shall be a member of the Remuneration & Appointment committee that is an Independent Supervisory Board Member; and
- e) the chairman of the Supervisory Board shall not act as chairman of a Supervisory Board committee.

Orderly market arrangements

Summit Partners, Avalon and/or Javak may require the Company to provide reasonable assistance in connection with a fully marketed offering. The Company may propose one additional bookrunner to be appointed by Summit Partners, Avalon and/or Javak, amongst others for visibility in the book-building process. The Company shall only be required to provide assistance with one fully marketed offering in any twelve month period.

In the event of a sale of five percent (5%) or more of the Shares by any of Summit Partners, Avalon and Javak other than by way of a fully marketed offering, the Company shall facilitate upon request by any of Summit Partners, Avalon or Javak (which request may only be made twice a year by Summit Partners, Avalon and Javak combined) such sale by providing an opportunity to perform a limited due diligence investigation by or on behalf of a book-runner or coordinator, a reputable investment bank engaged to assist in a sale or a bona fide, creditworthy potential purchaser of five percent (5 %) or more of the Shares.

Termination

The Relationship Agreement will cease to bind Summit Partners, Avalon and Javak if and when any of them no longer holds (alone or together with a transferee pursuant to a permitted transfer of Shares) a direct or indirect interest of five percent (5%) of the Shares. For these purposes, Summit Partners will be considered to be one party.

Except for certain specific provisions, the Relationship Agreement will terminate at the first time that any of the following conditions shall be met:

- (a) the Settlement Date shall not have occurred before 30 September 2015;
- (b) the Relationship Agreement has terminated in respect of all of Summit Partners, Avalon and Javak in accordance with its terms;
- (c) the Company becomes subject to insolvency proceedings;
- (d) a resolution of the General Meeting to liquidate (*ontbinden*) the Company becomes unconditional;
- (e) the Company ceases to exist as a legal entity as a result of a legal merger (*fusie*) or spin-off (*splitsing*) where the Company is the disappearing entity; or
- (f) termination of the listing of Shares on Euronext Amsterdam takes effect.

Governing law

The Relationship Agreement is governed by the laws of the Netherlands.

Shareholders Agreement

Javak, Avalon and Summit Partners have informed the Company that they entered into the Shareholders Agreement. The Company is not a party to the Shareholders Agreement and does not have any rights and/or obligations under it. The Shareholders Agreement provides, *inter alia*, that each of Javak, Avalon and Summit Partners will dispose of its Shares held in an orderly manner, whereby it will not sell or dispose of its Shares before expiry of or otherwise as permitted under the terms of the lock-up arrangement (see "*Plan of Distribution—Lock-up Arrangements*"), and then only in accordance with the tag-along procedures set out in the Shareholders Agreement and described below. As the Company is not a party to the Shareholders Agreement and does not have any rights under it, and therefore it cannot prevent Javak, Avalon and Summit Partners from amending the Shareholders Agreement or waiving their

rights under the Shareholders Agreement and it cannot enforce performance of their obligations under the Shareholders Agreement.

Acting in concert

Each of Javak, Avalon and Summit Partners will cast in the General Meeting the voting rights attaching to its Shares in favour of the appointment of any individual designated by Javak, Avalon or Summit Partners as a member of the Supervisory Board in accordance with the terms of the Relationship Agreement. In addition, Javak, Avalon and Summit Partners may, prior to a General Meeting, choose to consult each other and to coordinate the exercise of their respective voting rights without being obliged to do so.

Each of Javak, Avalon and Summit Partners, has acknowledged and agreed that the Dutch public offer rules as laid down in the Dutch Financial Supervision Act will as of the First Trading Date be applicable to the Company and the Shareholders. As Javak, Avalon and Summit Partners envisage to continue to have a combined voting interest in the Company of more than 30% on the First Trading Date and have made the agreements set out in the Shareholders Agreement and Relationship Agreement, Javak, Avalon and Summit Partners agree to be deemed to jointly have substantial control (*gezamenlijke overwegende zeggenschap*) over the Company within the meaning of the Dutch Financial Supervision Act and agree to remain qualified as concert parties (*in overleg handelende personen*) (each a "**Concert Party**" and together, a "**Concert**") as per the First Trading Date. On this basis, each of Javak, Avalon and Summit Partners as well as their ultimate controlling persons, benefits from the exemption from the Dutch mandatory offer requirement as laid down in Section 5:71 sub 1 (i) of the Dutch Financial Supervision Act.

Each of Javak, Avalon and Summit Partners furthermore acknowledges and agrees that if a third party acquires control over Javak, Avalon or Summit Partners and the Shareholders Agreement and the Relationship Agreement are still in effect, such third party may be deemed to acquire indirect substantial control (*overwegende zeggenschap*) over the Company. If a third party does acquire indirect substantial control over the Company, this will result in immediate and automatic termination of the relevant acting in concert provisions. Each of Javak, Avalon and Summit Partners also acknowledges and agrees that if their combined voting interest in the Company decreases below 30%, this will also result in immediate and automatic termination of the relevant provisions of acting in concert.

Orderly market arrangements

Each of Javak, Avalon and Summit Partners will only sell or encumber Shares and shall use reasonable efforts to conduct such sale or encumbrance with a view to maintain an orderly market in the Shares in accordance with the following agreed tag-along procedures. If Javak, Avalon or Summit Partners wishes to sell and transfer to a third party any of its Shares, it must provide the other parties the opportunity (without having the obligation) to also sell and transfer to such third party up to same percentage of the Shares held by it as is sold by the initiating investor at the same price and on the same terms and conditions. These obligations do not apply to (i) transfers to affiliates or certain other related parties; (ii) if it involves a sale or disposal of less than one percent (1%) of all Shares in rolling six-months' period; (iii) if it is by way of accepting a public offer, merger of similar business combination with a third party in respect of all the Shares, or a partial public offer as permitted by Dutch law; (iv) pursuant to a compromise or arrangement between the Company and its creditors; (v) a sale required by law or competent authority; or (vi) any Shares acquired by Javak, Avalon or Summit Partners after the Offering.

Termination

The Shareholders Agreement will cease to bind a party thereto if such party no longer has a direct or indirect interest of three percent (3%) or more of the Shares, whereby Summit Partners will be considered one party. Except for certain specific provisions, the Shareholders Agreement will terminate at the first time that any of the following conditions shall be met: (a) Javak, Avalon and Summit Partners collectively hold Shares representing less than ten percent (10%) of the Shares; or (b) (i) the Company becomes subject to insolvency proceedings; (ii) a resolution of the General Meeting to liquidate (*ontbinden*) the Company becomes unconditional; (iii) the Company ceases to exist as a legal entity as a result of a legal merger (*fusie*) or spin off (*splitsing*) where the Company is the disappearing entity; or (iv) termination of the listing of the Shares on Euronext Amsterdam takes effect.

Governing law

The Shareholders Agreement is governed by the laws of the Netherlands.

DESCRIPTION OF SHARE CAPITAL

The following paragraphs summarize certain information concerning our share capital and certain material provisions of the Articles of Association and applicable laws of the Netherlands. This section summarizes the Articles of Association as amended pursuant to the Deed of Amendment immediately after determination of the Offer Price.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of the laws of the Netherlands as in force on the date of this Prospectus, the Articles of Association, the Management Board Rules and the Supervisory Board Rules as in effect upon Conversion. The Articles of Association in the governing Dutch language and in an unofficial English translation thereof are available on our website (www.flowtraders.com), the Management Board Rules and the Supervisory Board Rules will be available immediately after Conversion. See also "*Management, Employees and Corporate Governance*" for a summary of certain material provisions of the Articles of Association, Management Board Rules, Supervisory Board Rules and the laws of the Netherlands relating to the Management Board and the Supervisory Board.

General

We were incorporated as a Dutch cooperative (*coöperatie met uitgesloten aansprakelijkheid*) under the laws of the Netherlands on 14 February 2008. We will be converted to a public company with limited liability (*naamloze vennootschap*) immediately after determination of the Offer Price pursuant to a notarial deed of conversion and amendment in accordance with a resolution of our members adopted on 29 June 2015 (the "**Deed of Amendment**"), our legal and commercial name will then become Flow Traders N.V. Our corporate seat is in Amsterdam, the Netherlands, and our registered office is at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands (telephone number +31 (0)20 7996799). We are registered in the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 34294936.

Corporate Purpose

Pursuant to article 3 of the Articles of Association, our corporate objectives are:

- to incorporate, to participate in any manner whatsoever, to manage, to supervise, to cooperate with, to acquire, to maintain, to dispose of, to transfer or to administer in any other manner whatsoever all sorts of participations and interests in businesses, legal entities and companies as well as to enter into joint ventures;
- to finance businesses, legal entities and companies;
- to borrow, to lend and to raise funds, to participate in all sorts of financial transactions, including the issue of bonds, promissory notes or other securities, to invest in securities in the widest sense of the word, and to enter into agreements in connection with the foregoing;
- to grant guarantees, to bind the Company and to grant security over the assets of the Company for the benefit of legal entities and companies with which the Company forms a group and for the benefit of third parties;
- to advise and to render services to legal entities and companies with which the Company forms a group and to third parties;
- to acquire, to administer, to operate, to encumber, to dispose of and to transfer moveable assets and real property and any right to or interest therein;
- to trade in currencies, securities and financial assets in general;
- to obtain, to exploit, to dispose of and to transfer patents and other industrial and intellectual property rights, to obtain and to grant licenses, sub-licenses and similar rights of whatever name and description and, if necessary, to protect the rights derived from patents and other industrial and intellectual property rights, licenses, sub-licenses and similar rights against infringements by third parties;

and all matters related or conducive to the above, with the objectives to be given their most expansive possible interpretation. In pursuing its objectives, the Company shall also take into account the interests of the legal entities and companies with which it forms a group.

Share Capital

Authorized and issued share capital of the Company

Prior to the execution of the Deed of Amendment, 70.99% of the membership interests in the Company are held by Stichting Administratiekantoor Flow Traders and the other 29.01% of the membership interests in the Company are held by Summit Partners. See "*Major Shareholders and Related Party Transactions—Major Shareholders*" for the contemplated changes to our shareholder base. After the execution of the Deed of Amendment, our authorized capital will amount to €8 million and will consist of 100 million Shares with a nominal value of €0.10 each and the issued share capital will consist of 46,534,500 Shares.

As of the date of this Prospectus, no Shares are issued yet. Upon Conversion, all issued Shares will be fully paid-up and are subject to, and will be created under, the laws of the Netherlands. By way of execution of the Deed of Amendment, we will convert all membership interests into Shares.

History of share capital

The Company was incorporated as a Dutch cooperative (*coöperatie met uitgesloten aansprakelijkheid*) by Summit Investors VI, L.P. as part of Summit Partners' investment in us on 14 February 2008. The Company has since admitted the members (*leden*) listed in the table below and has served and continues to serve as the holding vehicle for, amongst others, Javak and Avalon until Conversion.

Member	Membership Interests		
	Class of membership interest	Membership interest and voting rights as at the date of this Prospectus	Date of commencement membership
Summit Investors VI, L.P.	Class A membership interest	0.07%	14 February 2008
Summit Partners Private Equity Fund VII-A, L.P.	Class A membership interest	18.08%	14 February 2008
Summit Partners Private Equity Fund VII-B, L.P.	Class A membership interest	10.86%	14 February 2008
Stichting Administratiekantoor Flow Traders	Class B membership interest	70.99%	29 May 2008

Pursuant to the Company's current articles of association, each member holds a capital account for which such member is credited with the amount equal to the value of the capital contribution payment such member has made to the Company. Pursuant to the entering into of the Members' Agreement and the subsequent amendment of the Company's articles of association as in force at the time, the Foundation was admitted as a 'member B' in exchange for contributing 1,260,000 ordinary shares in the share capital of Flow Traders Holding B.V. on 29 May 2008. The Foundation's capital contribution in shares was credited on its capital account and the membership of Summit Partners was converted into a preference 'membership A'. Around 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs. The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. For the most recent figures please refer to "*Selected Financial and Operating Information*".

Shareholders Register

The Shares are in registered form (*op naam*). No share certificates (*aandeelbewijzen*) are or may be issued. If requested, the Management Board will provide a Shareholder, usufructuary or pledgee of such Shares with an extract from the register relating to his or her title to a Share free of charge. If the Shares are encumbered with a right of usufruct or a right of pledge, the extract will state to whom such rights will fall to. The Shareholders register is kept by the Management Board.

Our Shareholders register records the names and addresses of the Shareholders, the number of Shares held, the amount paid on each Share and the date of registration in the Shareholders register. In addition, each transfer or passing of ownership is registered in the Shareholders register. The Shareholders register also includes the names and addresses of persons and legal entities with a right of pledge (*pandrecht*) or a right of usufruct (*vruchtgebruik*) on those Shares.

For shares as referred to in the Dutch Securities Giro Transfers Act (*Wet giraal effectenverkeer*), including the Offer Shares, which belong to (i) a collective depot as referred to in that Dutch Securities Giro Transfers Act, of which shares form part as being kept by an intermediary, as referred to in the Dutch Securities Giro Transfers Act or (ii) a giro depot as referred to in that Dutch Securities Giro Transfers Act of which shares form part, as being kept by a central institute as referred to in the Dutch Securities Giro Transfers Act, the name and address of the intermediary or the central institute shall be entered in the shareholders' register, stating the date on which those shares became part of such collective depot or giro depot, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each share.

Issuance of Shares

Pursuant to the Articles of Association, the General Meeting may, upon a proposal of the Management Board which is subject to approval of the Supervisory Board, resolve to issue Shares or grant rights to subscribe for Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuance of Shares or the granting of rights to subscribe for Shares. The Articles of Association further provide that the General Meeting may, upon a proposal of the Management Board which is approved by the Supervisory Board, designate the Management Board as the body authorized, subject to approval of the Supervisory Board, to resolve upon an issue of Shares to grant of rights to subscribe for Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuance of Shares or the granting of rights to subscribe for Shares. Pursuant to the Articles of Association and Dutch law, the period of designation may not exceed five years but may be renewed by a resolution of the General Meeting for periods of up to five years. If not otherwise stated in the resolution approving the designation, such authority is irrevocable. The resolution designating such authority to the Management Board must specify the number of Shares which may be issued and, if applicable, any conditions to the issuance.

No resolution of the General Meeting or, if designated, the Management Board and the Supervisory Board is required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. The Company may not subscribe for its own Shares on issue.

It is expected that the General Meeting will designate the Management Board, for a period that ends 18 months following the Conversion, as the corporate body authorized to, subject to approval of the Supervisory Board, issue Shares or grant rights to subscribe for Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuances of Shares or the granting of rights to subscribe for Shares. Such authorization of the Management Board is limited to (i) up to a maximum of 10% of the total number of Shares issued and outstanding on the Settlement Date plus (ii) an additional 10% of the total number of Shares issued and outstanding on the Settlement Date in connection with or on the occasion of mergers and acquisitions and strategic alliances and such authorization may from time to time be extended by a resolution of the General Meeting, subject to the limitations set out above.

Pre-emptive Rights

Upon issue of Shares or grant of rights to subscribe for Shares, each Shareholder shall have a pre-emptive right in proportion to the aggregate nominal amount of his or her Shares. Shareholders do not have pre-emptive rights in respect of Shares issued against contribution in kind, Shares issued to our employees or Shares issued to persons exercising a previously granted right to subscribe for Shares.

Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting at the proposal of the Management Board, which is subject to the approval of the Supervisory Board. Such resolution of the General Meeting requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital of the Company is present or represented at the General Meeting.

The Management Board is authorized, subject to the approval of the Supervisory Board to resolve on the restriction or exclusion of the pre-emptive right if and to the extent the Management Board has been designated by the General Meeting to do so. The designation will only be valid for a specific period and

may from time to time be extended by the General Meeting, in each case not exceeding five years. Unless provided otherwise in the designation, the designation cannot be cancelled.

As set out above, the General Meeting is expected to designate the Management Board, for a period that ends 18 months following the Conversion, as the corporate body authorized to, subject to approval of the Supervisory Board, issue Shares or grant rights to subscribe for Shares and to restrict and/or exclude statutory pre-emptive rights in relation to the issuances of Shares or the granting of rights to subscribe for Shares. Such authorization of the Management Board is limited to (i) up to a maximum of 10% of the total number of Shares issued and outstanding on the Settlement Date plus (ii) an additional 10% of the total number of Shares issued and outstanding on the Settlement Date in connection with or on the occasion of mergers and acquisitions and strategic alliances and such authorization may from time to time be extended by a resolution of the General Meeting, subject to the limitations set out above.

Acquisition by the Company of its Shares

The Company may acquire fully paid-up Shares at any time for no consideration or, subject to the laws of the Netherlands and the Articles of Association if: (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares; (ii) the aggregate nominal value of the Shares which we acquire, hold or hold as pledge or which are held by a subsidiary does not exceed 50% of the issued share capital; and (iii) the Management Board has been authorized by the General Meeting to repurchase Shares, which authorization can only be granted at the proposal of the Management Board, which proposal is subject to the approval of the Supervisory Board. The General Meeting's authorization is valid for a specific period not exceeding 18 months. As part of the authorization, the General Meeting must specify the number of Shares that may be acquired, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired.

No authorization from the General Meeting is required for the acquisition of fully paid up Shares for the purpose of transferring these Shares to our employees pursuant to any share option plan.

We may not cast votes on, and are not entitled to dividends paid on, Shares held by us nor will such Shares be counted for the purpose of calculating a voting quorum. For the computation of the profit distribution, the Shares held by ourselves in our own capital shall not be included. The Management Board is authorized to dispose of our own Shares held by it.

The General Meeting is expected to designate the Management Board, for a period that ends 18 months following the Conversion, as the corporate body authorized to, subject to approval of the Supervisory Board, cause the Company to acquire its own fully paid-up Shares (including Shares issued as stock dividend), subject to the approval of the Supervisory Board, up to a maximum of 10% of the total number of Shares issued following the Settlement Date, provided the Company will hold no more Shares in stock than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not 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%.

Transfer of Shares

A transfer of a Share or a restricted right thereto (*beperkt recht*) requires a deed of transfer and the acknowledgment by the Company of the transfer in writing. Such acknowledgement is not required if the Company itself is a party to the transfer.

A Share becomes a deposit share by transfer or issuance to Euroclear Nederland or to an intermediary, recording in writing that it is a deposit share. The deposit share shall be recorded in our shareholders' register in the name of Euroclear Nederland or the relevant intermediary, stating in writing that it is a deposit share. Deposit shareholders are not recorded in our shareholders' register. Deposit shares can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities Giro Transfers Act and with the approval of the Management Board. The transfer by a deposit shareholder of its book-entry rights representing deposit shares shall be effected in accordance with the provisions of the Dutch Securities Giro Transfers Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a usufruct on these book-entry rights.

Capital Reduction

Subject to the provisions of the laws of the Netherlands and the Articles of Association, the General Meeting may resolve to reduce the issued share capital by (i) cancelling Shares or (ii) reducing the nominal value of Shares through an amendment of the Articles of Association. A resolution to cancel Shares may only relate to Shares held by us or of which we hold the depositary receipts. A reduction of the nominal value of Shares, with or without repayment must be made pro rata on all Shares concerned. This pro rata requirement may be waived if all Shareholders concerned so agree.

A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is present or represented at the General Meeting.

In addition, the laws of the Netherlands contain detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution. Certain aspects of taxation of a reduction of share capital are described in the section "*Taxation*" of this Prospectus.

Dividends and Other Distributions

General

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. We may only make distributions, whether a distribution of profits or of freely distributable reserves, to our Shareholders if our shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by the laws of the Netherlands or by the Articles of Association. See "*Dividend Policy*" for a more detailed description regarding dividends.

Right to reserve

The Management Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits.

Dissolution and liquidation

We may only be dissolved by a resolution of the General Meeting upon a proposal of the Management Board, which is subject to the prior approval of the Supervisory Board. If the General Meeting has resolved to dissolve the Company, the Management Board must carry out the liquidation of the Company, unless otherwise resolved by the General Meeting. The Supervisory Board shall be charged with the supervision thereof. During liquidation, the provisions of the Articles of Association will remain in force to the extent possible.

The balance of our assets remaining after all liabilities and the costs of liquidation have been deducted shall be distributed among the Shareholders in proportion of their number of Shares.

Exchange Controls and other Provisions relating to non-Dutch Shareholders

Under the laws of the Netherlands, subject to the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions, there are no exchange control restrictions on investments in, or payments on, Shares (except as to cash amounts). There are no special restrictions in the Articles of Association or the laws of the Netherlands that limit the right of Shareholders who are not citizens or residents of the Netherlands to hold or vote Shares.

General Meetings and voting rights

General Meetings

General Meetings shall be held in the Netherlands in Amsterdam, Hoofddorp, Haarlemmermeer (including Schiphol), The Hague or Utrecht. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings may be held, as often as the Management Board or the Supervisory Board deem desirable. In addition, one or more Shareholders, who solely or

jointly represent at least one-tenth of the issued capital, may request that a General Meeting be convened, the request setting out in detail matters to be considered. If no General Meeting has been held within 42 days of the Shareholder(s) making such request, that/those Shareholder(s) will be authorized to request in summary proceedings a Dutch District Court to convene a General Meeting. In any event, a General Meeting will be held to discuss any requisite measures within three months of it becoming apparent to the Management Board that the shareholders' equity of the Company has decreased to an amount equal to or lower than one-half of the issued and paid-up part of the capital.

The convocation of the General Meeting must be published through an announcement on the website of the Company. The notice must state the time and place of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained. The notice must be given by at least such number of days prior to the day of the meeting as required by the laws of the Netherlands, which is currently 42 days.

The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of our annual accounts, the discussion of any substantial change in our corporate governance structure and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Management Board, the Supervisory Board or Shareholders (with due observance of the laws of the Netherlands as described below). If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and Supervisory Directors concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Management Board and the Supervisory Board respectively. The agenda shall also include such items as one or more Shareholders and others entitled to attend General Meetings, representing, pursuant to the Articles of Association, at least the percentage of the issued and outstanding share capital as required by law (which as of the date of this Prospectus is 3%), have requested the Management Board by a motivated request to include in the agenda, at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda, unless the resolution is adopted unanimously during a meeting where the entire issued capital of the Company is present or represented.

Shareholders who individually or with other Shareholders, hold Shares that represent at least 3% of the issued and outstanding share capital, may request us to disseminate information that is prepared by them in connection with an agenda item for a General Meeting. We can only refuse disseminating such information, if received less than seven Business Days prior to the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, we cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chairman of the Supervisory Board. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The chairman of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each Shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date as required by the laws of the Netherlands, which is currently the seventh day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the General Meeting in writing at the address and by the date specified in the notice of the meeting. The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

Voting rights

Each Share confers the right to cast one vote in the General Meeting. Subject to certain exceptions provided by the laws of the Netherlands or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Pursuant to the laws of the Netherlands, no votes may be cast at a General Meeting in respect of Shares which are held by the Company.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Management Board which is subject to the prior approval of the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the *verbatim* text of the proposed amendment, must be lodged with us for the inspection of every Shareholder until the end of the General Meeting.

Annual Accounts, Semi-Annual Accounts and Interim Management Statements

Annually, within four months after the end of the financial year, the Management Board must prepare the annual accounts and make them available for inspection by the Shareholders at our office. The annual accounts must be accompanied by an independent auditors' report, an annual report and certain other information required under the laws of the Netherlands and a report of the Supervisory Board. The annual accounts must be signed by the Managing Directors and the Supervisory Directors.

The annual accounts, the independent auditors' report, the annual report, the other information required under the laws of the Netherlands and the report of the Supervisory Board must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting. The Management Board must send the adopted annual accounts to the AFM within five Business Days after adoption.

We must prepare and make publicly available a semi-annual financial report as soon as possible, but at the latest two months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's audit or review report, respectively, must be published together with the semi-annual financial report.

During the period between ten weeks after the start and six weeks before the end of each half of the financial year, we must prepare an interim management statement and make it publicly available. The interim management statement must contain an explanation of the important events and transactions that took place during the period between the start of the relevant period and publication of the interim management statement and the consequences for our financial position. The interim management statement must also contain a general description of our financial position and the performance during that period. It is expected that this requirement will be abolished and as of such moment we may no longer publish interim management statements.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "**FRSA**") the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as ourselves.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from us regarding our application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt that our financial reporting meets such standards and (ii) recommend us to make available further explanations. If we do not comply with such a request or recommendation, the AFM may request that the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") orders us to (i) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (ii) prepare our financial reports in accordance with the Enterprise Chamber's instructions.

Rules Governing Obligations of Shareholders to Make a Public Takeover Bid

Pursuant to the Dutch Financial Supervision Act, and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company is required to make a public takeover bid for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to an exemption for major shareholders who, acting alone or in concert, already had such stake in the company at the time of that company's initial public offering).

In addition, it is prohibited to launch a public takeover bid for shares of a listed company, such as the Shares, unless an offer document has been approved by the AFM. A public takeover bid may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public takeover bid rules are intended to ensure that in the event of a public takeover bid, among others, sufficient information will be made available to the holders of the shares, the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Squeeze-out Proceedings

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his or her own account contributes at least 95% of a Dutch company's issued share capital may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to him or her. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public takeover bid is also entitled to start squeeze-out proceedings if, following the public takeover bid, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch Financial Supervision Act also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Obligations to Disclose Holdings

Holders of the Shares may be subject to notification obligations under the Dutch Financial Supervision Act. Shareholders are advised to seek professional advice on these obligations.

Shareholders

Pursuant to the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of the Company must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in our total outstanding share capital or voting rights. Such notification has to be made no later than the fourth trading day after the AFM has published our notification of the change in our outstanding share capital.

We are required to notify the AFM immediately of the changes to our total share capital or voting rights if our issued share capital or voting rights changes by 1% or more since our previous notification. We must

furthermore notify the AFM within eight days after each quarter, in the event our share capital or voting rights changed by less than 1% in that relevant quarter since our previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest at 31 December at midnight has a different composition than in a previous notification to the AFM must notify the AFM within four weeks.

Controlled entities, within the meaning of the Dutch Financial Supervision Act, do not have notification obligations under the Dutch Financial Supervision Act, as their direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Dutch Financial Supervision Act, including an individual. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch Financial Supervision Act will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire Shares; (v) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares. Special attribution rules apply to shares and voting rights which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the purpose of the notification obligation, the following instruments qualify as "shares": (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Gross short positions in shares must also be notified to the AFM. For these gross short positions the same thresholds apply as for notifying an actual or potential interest in the capital and/or voting rights of a Dutch listed company, as referred to above, and without any set-off against long positions.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set-off. A short transaction in a Share can only be contracted if a reasonable case can be made that the Shares sold can actually be delivered, which requires confirmation of a third party that the Shares have been located.

Management

Each Managing Director and Supervisory Director must notify the AFM: (a) immediately following the admission to trading and listing of the Shares of the number of Shares he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital, and (b) subsequently of each change in the number of Shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

Pursuant to the Dutch Financial Supervision Act, any Managing Director and Supervisory Director, as well as any other person who would have managerial or co-managerial responsibilities in respect of us or

who would have the authority to make decisions affecting our future developments and business prospects regularly having access to inside information relating, directly or indirectly, to us, must notify the AFM by means of a standard form of any transactions conducted for his or her own account relating to the Shares or in financial instruments the value of which is also based on the value of the Shares.

In addition, in accordance with the Dutch Financial Supervision Act and the regulations promulgated thereunder (e.g., the Dutch Financial Supervision Act Decree on Market Abuse (*Besluit Marktmisbruik Wft*)), certain persons who are closely associated with Managing Directors, Supervisory Directors or any of the other persons as described above, are required to notify the AFM of any transactions conducted for their own account relating to the Shares or in financial instruments the value of which is also based on the value of the Shares. The Dutch Financial Supervision Act and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i) to (iii) above or by the relevant Managing Director, the Supervisory Director or other person with any authority in respect of us as described above.

The AFM must be notified of transactions effected in either the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares, no later than the fifth business day following the transaction date by means of a standard form or by using the digital portal made available by the AFM. Notification may be postponed until the date the value of the transactions carried out on that person's own account, together with the transactions carried out by the persons associated with that person, reaches or exceeds the amount of €5,000 in the calendar year in question.

If a Managing Director or Supervisory Director has notified a transaction to the AFM under the Dutch Financial Supervision Act as described above under “— *Shareholders*” above, such notification is sufficient for purposes of the Dutch Financial Supervision Act as described in this paragraph.

Non-compliance

Non-compliance with the notification obligations under the Dutch Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with some of the notification obligations under the Dutch Financial Supervision Act may lead to civil sanctions, including suspension of the voting rights relating to the Shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the General Meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring Shares and/or voting rights in Shares.

Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch Financial Supervision Act on its website (www.afm.nl). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders

We may in accordance with Chapter 3A of the Dutch Securities Giro Transfers Act request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of our Shareholders. Such request may only be made during a period of 60 days up to the day on which the General Meeting will be held. No information will be given on Shareholders with an interest of less than 0.5% of the issued share capital. A Shareholder who, individually or together with other Shareholders, holds an interest of at least 10% of the issued share capital may request us to establish the identity of our Shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

Market Abuse Regulation

The Dutch Financial Supervision Act provides for specific rules intended to prevent market abuse, such as insider trading, tipping and market manipulation. Pursuant to these rules, we have adopted rules

governing the holding and carrying out of transactions in the Shares or in financial instruments the value of which is determined by the value of the Shares by Managing Directors and the Supervisory Directors as well as employees.

Transparency Directive

The Netherlands will be our home member state for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU) as a consequence of which we will be subject to the Dutch Financial Supervision Act in respect of certain ongoing transparency and disclosure obligations.

THE OFFERING

Introduction

The Selling Shareholders are offering up to 16,287,075 Offer Shares. Assuming no exercise of the Over-allotment Option, the Offer Shares will constitute not more than approximately 35% of the Shares. Assuming the Over-allotment Option is fully exercised, the Offer Shares will constitute not more than approximately 40.2% of the Shares. The Offering consists of (i) a public offering to institutional and retail investors in the Netherlands, and (ii) a private placement to certain institutional investors in various jurisdictions. The Offer Shares are being offered: (a) within the United States, to QIBs as defined in Rule 144A under the U.S. Securities Act, pursuant to Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, and (b) outside the United States in offshore transactions as defined in, and in accordance with Regulation S. The Offer Shares including the Additional Shares (if any) have not been and will not be registered under the U.S. Securities Act.

Over-allotment Option

Summit Partners expects to grant the Joint Global Coordinators, on behalf of the Underwriters, the Over-allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require Summit Partners to sell to the Underwriters at the Offer Price up to 2443061 Additional Shares, comprising up to 15% of the total number of Offer Shares sold in the Offering, to cover short positions or over-allotments, if any, in connection with the Offering.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below lists certain expected key dates for the Offering:

Event	Time (CEST) and date
Start of Offer Period	09:00 a.m. on 30 June 2015
End of Offer Period.....	14:00 on 9 July 2015
Pricing	9 July 2015
Allocation	9 July 2015
First Trading Date (trading on an "as-if-and-when-delivered" basis).....	10 July 2015
Settlement Date.....	14 July 2015

We and the Selling Shareholders, together with the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Prospectus. Should such adjustment be decided on, then we will make this public through a press release, which will also be posted on our website. See also "*Acceleration or Extension*" below.

Offer Period

Subject to acceleration or extension of the timetable for the Offering, prospective investors may subscribe for Offer Shares during the period commencing on 30 June 2015 at 09:00 CEST and ending on 9 July 2015 at 14:00 CEST. The Joint Global Coordinators may accelerate or extend the Offer Period. See "*Acceleration or Extension*" below. In the event of an acceleration or extension of the Offer Period, pricing, Allocation, admission and first trading and payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly.

Acceleration or Extension

Any extension of the timetable for the Offering will be published in a press release on our website at least three hours before the end of the original Offer Period, provided that any extension will be for a minimum of one full Business Day. Any acceleration of the timetable for the Offering will be published in a press release on our website at least three hours before the proposed end of the accelerated Offer Period. In any event, the Offer Period will be at least six Business Days.

Offer Price and Number of Offer Shares

The Offer Price is expected to be in the range of €29.00 to €37.00 (inclusive) per Offer Share. The Offer Price and the exact number of Offer Shares will be determined on the basis of a book-building process. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is between €29.00 and €37.00 per Offer Share. The Offer Price Range is an indicative price range.

The Offer Price and the exact number of Offer Shares offered in the Offering will be determined after the Offer Period has ended, including any acceleration or extension, by the Selling Shareholders and ourselves, after consultation with the Joint Global Coordinators, on the basis of the book-building process and taking into account market conditions, a qualitative assessment of demand for the Offer Shares and any other factors deemed appropriate.

The Offer Price and the exact number of Offer Shares to be sold and the maximum number of Additional Shares will be set out in the Pricing Statement that will be filed with the AFM and published through a press release that will also be posted on our website. The Offer Price Range, which is an indicative price range, may be changed and/or the number of Offer Shares being offered may be increased or decreased. See "*Change of the Offer Price Range or Number of Offer Shares*" below.

Change of the Offer Price Range or Number of Offer Shares

The Offer Price Range is an indicative price range. The Selling Shareholders and we, after consultation with the Joint Global Coordinators, reserve the right to change the Offer Price Range and/or increase or decrease the number of Offer Shares being offered before the end of the Offer Period. Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two Business Days; any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one Business Day. Any such change in the Offer Price Range and/or the number of Offer Shares being offered will be published in a press release that will also be posted on our website.

Subscription and Allocation

Eligible retail investors who wish to subscribe for Offer Shares should submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from eligible retail investors and for submitting their subscriptions to ABN AMRO as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions submitted by eligible retail investors to financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholders. All questions concerning the timelines, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the retail investors. Neither we nor the Selling Shareholders nor the Underwriters are liable for any action or failure to act by a financial intermediary in connection with any purchase, or purported purchase, of Offer Shares.

Subscriptions by eligible retail investors for the Offer Shares can only be made on a market order (*bestens*) basis. Accordingly, eligible retail investors will be bound to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). See "*Change of the Offer Price Range or Number of Offer Shares*" above. Eligible retail investors are entitled to cancel or amend their application with the financial intermediary where their original application was submitted at any time prior to the end of the Offer Period (if applicable, as amended or extended). Such cancellations or amendments may be subject to the terms of the financial intermediary involved.

Allocation is expected to take place on the first Business Day after the end of the Offer Period, subject to acceleration or extension of the timetable of the Offering. Allocations to investors who applied to subscribe for Offer Shares will be determined by us after consultation with the Joint Global Coordinators and full discretion will be exercised as to whether or not and how to allocate the Offer Shares subscribed for. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may not be allocated all of the Offer Shares for which they subscribe. The

Selling Shareholders, the Company and the Joint Bookrunners may, at their own discretion and without stating the reasons, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. Ultimately we will, following recommendations from the Joint Bookrunners and in consultation with the Joint Global Coordinators, determine the number of Offer Shares to be allocated to specific investors.

Investors participating in the Offering will be deemed to have checked and confirmed that they meet the selling and transfer restrictions described in "*Selling and Transfer Restrictions*". Each investor should consult his/her own advisers as to the legal, tax, business, financial and related aspects of a purchase of Shares.

The Joint Bookrunners will communicate to institutional investors the number of Offer Shares allocated to them on the date that Allocation occurs.

Payment

Payment in euro for and delivery of the Offer Shares will take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information, see "*Taxation*"). The Offer Price must be paid by retail investors in cash upon remittance of their subscription or, alternatively, by authorizing their financial intermediary to debit their bank account with such amount on or about the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, Allocation, first trading and payment and delivery). The Offer Price must be paid in full in euro and is exclusive of any taxes and expenses, if any, which must be borne by the investor. Retail investors may be charged expenses by their financial intermediary.

Delivery, Clearing and Settlement

The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares is expected to take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment (in euro) for the Offer Shares, including, if applicable, the Additional Shares, in immediately available funds.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list all of the Shares on Euronext Amsterdam under the symbol "FLOW" with ISIN code NL0011279492. Subject to acceleration or extension of the timetable for the Offering, trading on an 'as-if-and-when-delivered' basis in the Offer Shares is expected to commence on or about 10 July 2015.

Settlement of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See "*Plan of Distribution—Underwriting Arrangements*".

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to Settlement are at the sole risk of the parties concerned. None of us, the Selling Shareholders, the Underwriters, the Listing and Paying Agent nor Euronext accepts any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Shares on Euronext Amsterdam.

Voting Rights

Each Share confers the right to cast one vote in the General Meeting, see "*Description of Share Capital—General Meetings and voting rights—Voting rights*". All Shareholders have the same voting rights.

Ranking and Dividends

The Offer Shares rank equally in all respects. The Offer Shares will carry dividend rights as of the date of issue. See "*Dividends and Dividend Policy*".

Listing and Paying Agent

ABN AMRO is acting as listing agent with respect to the listing of the Shares on Euronext Amsterdam and is also acting as paying agent for the Shares in the Netherlands. The address of ABN AMRO is ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

Retail Coordinator

ABN AMRO is the Retail Coordinator with respect to the Offering.

Stabilization Manager

Morgan Stanley is the Stabilization Manager with respect to the Shares on Euronext Amsterdam.

PLAN OF DISTRIBUTION

Underwriting Arrangements

We, the Selling Shareholders and the Underwriters expect to enter into the Underwriting Agreement on or about 9 July 2015 with respect to the offer and sale of the Offer Shares in connection with the Offering. The material terms and conditions of the Underwriting Agreement are set out below.

Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Selling Shareholders will severally agree to sell the Offer Shares at the Offer Price, and the Underwriters severally but not jointly, will agree to procure purchasers for, or failing which, to purchase at the Offer Price from the several Selling Shareholders, the Offer Shares. Subject to the satisfaction of these conditions precedent, the proportion of Offer Shares that each Underwriter may severally be required to purchase is indicated below.

Underwriters	Percentage of Offer Shares
Morgan Stanley & Co. International plc.	35%
UBS Limited.....	35%
ABN AMRO Bank N.V.....	15%
Credit Suisse Securities (Europe) Limited.	15%
Total	100%

In the Underwriting Agreement, we make certain representations and warranties. In addition, we will indemnify the Underwriters against liabilities in connection with the Offering. The Underwriting Agreement will provide that the obligations of the Underwriters to procure investors for, or failing which, to purchase themselves, the Offer Shares are subject to, the following conditions: (i) the approval of this Prospectus by the AFM being in full force and effect, (ii) receipt at closing of opinions on certain legal matters from counsel, relating to, amongst other things, the Company, the Selling Shareholders, the Underwriting Agreement, the Prospectus and the Offer Shares, (iii) receipt of customary officers' certificates, (iv) the absence of a material adverse change in respect of the business, financial position, results of operations or prospects of the Company and its subsidiaries taken as a whole or in financial markets since the date of the Underwriting Agreement, (v) the admission of the Shares to listing on Euronext Amsterdam occurring no later than 9:00 a.m. CEST on the First Trading Date and (vi) other customary closing conditions, most notably in respect of the accuracy of warrants by the Company and Selling Shareholders, required disclosures by the Company having been made and each of the Company and Selling Shareholders having complied with the terms of the Underwriting Agreement.

Upon the occurrence of certain specific events, such as the occurrence of (i) a material adverse change in respect of the business, financial position, results of operations or prospects of the Company and its subsidiaries taken as a whole or in financial markets since the date of the Underwriting Agreement, (ii) a material breach of the Underwriting Agreement or (iii) a statement in this Prospectus, the Pricing Statement or any amendment or supplement to this Prospectus being untrue, inaccurate or misleading, the Underwriters may elect to terminate the Underwriting Agreement until the Settlement Date.

In consideration of the agreement by the Underwriters to procure investors for or, failing which, to purchase themselves, the Offer Shares at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholders will agree to pay the Underwriters an aggregate commission of 1.5% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Over-allotment Option). This does not include an incentive commission of up to 1.5% of the gross proceeds of the Offering (including, if applicable, any gross proceeds relating to the Over-allotment Option), which may be paid to the Underwriters at the discretion of the Selling Shareholders and us. We have also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, pledged or transferred within the U.S., except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered and sold: (i) in the U.S. only to persons reasonably believed to be QIBs in reliance on Rule 144A; and (ii) outside the U.S. in compliance with Regulation S. Any offer or sale of Offer Shares in reliance on Rule

144A will be made by broker dealers who are registered as such under the Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A.

ABN AMRO is not a registered broker-dealer in the U.S., and therefore, to the extent that it intends to effect any offers or sales of Offer Shares in the U.S. or to U.S. persons, it will do so through its affiliate, ABN AMRO Securities (USA) LLC, a U.S. registered broker-dealers, pursuant to applicable U.S. securities laws.

Lock-up Arrangements

The Joint Global Coordinators may, in their sole discretion and at any time, waive the restrictions, including those on sales, issues or transfers of Shares, described below. If the consent of the Joint Global Coordinators in respect of the lock-up arrangement is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted.

Company lock-up

Pursuant to the Underwriting Agreement, the Company is expected to agree with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the First Trading Date (the company lock-up period), it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters), (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or other shares of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to the granting of awards in options or Shares by the Company or issuance of Shares upon the exercise of options granted by the Company pursuant to employee incentive schemes described in the Prospectus.

Selling Shareholder lock-up

Pursuant to the Underwriting Agreement, each of the Selling Shareholders is expected to agree with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the First Trading Date (the selling shareholder lock-up period), it will not, except as set forth below, without the prior consent of the Joint Global Coordinators (acting on behalf of the Underwriters): (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or other shares of the Company or request or demand that the Company file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to the Company's shareholders or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to: (i) the sale of the Offer Shares in the Offering; (ii) the lending of Shares to the Joint Global Coordinators (acting on behalf of the Underwriters) pursuant to the Stock Lending Agreement (as defined below); (iii) an acceptance of a general offer for the ordinary share capital of the Company made in accordance with the Dutch Financial Supervision Act or the provision of an irrevocable undertaking to accept such an offer, provided that the Joint Global Coordinators shall be notified in advance in writing two Business Days prior to such acceptance or undertaking (to the extent legally permitted); (iv) any transfer of Shares or any securities convertible into or exercisable for or

substantially similar to, Shares by each of Summit Partners, Javak or Avalon to any of (y) its subsidiaries or subsidiary undertakings, or to any subsidiary or subsidiary undertaking of its ultimate holding company, or (z) its affiliates or to any investment fund or other entity controlled or managed by Summit Partners, Javak or Avalon or any of their respective affiliates referred to in (y) or any of each of their affiliates, provided that each such transferee shall continue to be bound by the foregoing restrictions for the remainder of the lock-up period; or (v) the transfer of the Shares held by the Foundation to the holders of depositary receipts issued for such Shares as part of the decertification (*decertificering*) of the Shares as set out in the Prospectus.

EPP participant lock-up

Javak, Avalon and a number of current and former employees, including the Co-CEOs, have acquired depositary receipts for membership interests in the Company's capital through participation in the EPP. The depositary receipts issued to the Co-CEOs and the EPP participants (excluding Javak and Avalon) will be exchanged for Shares immediately following the Conversion, as a result of which the Co-CEOs and the EPP participants will become direct Shareholders in the Company (instead of the Foundation). The Co-CEOs and the EPP participants (excluding Javak and Avalon) are expected to enter into a lock-up agreement with the Company on or before the date of the Underwriting Agreement. Pursuant to these lock-up agreements, the Co-CEOs and the EPP participants (excluding Javak and Avalon) shall hold all the Shares owned by them in any event until 365 days from the First Trading Date. After the EPP lock-up period a 3-year period, commences during which, subject to certain conditions, the Co-CEOs and the EPP participants (excluding Javak and Avalon) are allowed to transfer or sell: (i) up to a maximum of 33⅓% of the Shares held at the moment of entering into the lock-up agreement in the first year after the expiry of the 365-day lock-up period, (ii) up to a maximum of 66⅔% of the Shares held at the moment of entering into the lock-up agreement in the second year after the expiry of the 365-day lock-up period, and (iii) all of the Shares held at the moment of entering into the lock-up agreement in the third year after the expiry of the 365-day lock-up period.

Pursuant to the Underwriting Agreement, the Company is expected to agree with the Underwriters that, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), it will not, for a period from the date of the Underwriting Agreement until 365 days from the First Trading Date, provide any waiver from the lock-up provisions contained in (i) each of the Co-CEOs' lock-up agreements, or (ii) the lock-up agreements for other EPP Participants holding a 0.5% economic interest (or more) in the Company immediately after Settlement.

2015 EEP participant lock-up

Under the 2015 EEP, a lock-up arrangement is entered into by each of the participants with the Company pursuant to which no depositary receipts or Shares may be transferred, sold, assigned or encumbered in any way by or on behalf of the holder thereof, nor may any transaction be entered into which has an effect that is legally or economically similar to a transfer, assignment or encumbrance, in each case for a period ending around 1 June 2018, which is the date 3 years as from the date of settlement of the 2015 EEP for the relevant individual. In the event of termination of employment during the 3-year lock-up period, and in the years thereafter in respect of depositary receipts or Shares that remain subject to a lock-up as set out below, the employee must offer its locked-up depositary receipts or Shares to the Foundation or the Company, as the case may be, at the lower of (i) the corresponding subscription price paid for the relevant depositary receipts and (ii) the fair market value of such securities at the time of such termination, and in any event within 5 business days of the Foundation or the Company having given notice to the employee thereof. The Foundation or the Company, as the case may be, may at its discretion accept the offer, subject to any applicable restrictions under corporate or securities laws. After the expiry of the foregoing 3-year lock-up period, and conditional on the employee having remained employed (which includes no termination of employment notice having been given, not having been given notice nor a request for dissolution of the employment agreement having been submitted to the competent court). with the Company or any of its subsidiaries during the 3-year lock-up period and up to the relevant moment of transfer or sale, as the case may be, and depending on the moment of such transfer or sale, the owner of the depositary receipts or Shares, as the case may be, may transfer or sell such securities only in the following manner: (i) up to a maximum of 25% of the depositary receipts or Shares in the first year after the expiry of the 3-year lock-up period, (ii) up to a maximum of 50% of the depositary receipts or Shares in the second year after the expiry of the 3-year lock-up period, (iii) up to a maximum of 75% of the depositary receipts or Shares in the third year after the expiry of the 3-year lock-up period, and (iv) all of the depositary receipts or Shares after the third year after the expiry of the 3-year lock-up period.

Potential conflicts of interests

The Underwriters are acting exclusively for us and the Selling Shareholders and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to us and/or the Selling Shareholders for giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

Certain of the Underwriters and/or their respective affiliates have in the past been engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with us and/or the Selling Shareholders or any parties related to any of us or them, in respect of which they have received, and may in the future receive, customary fees and commissions.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of investors and us.

Over-allotment and Stabilization

In connection with the Offering, Morgan Stanley as the Stabilization Manager, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilization Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilization Manager or any of its agents will not be obligated to effect stabilizing transactions, and there will be no assurance that stabilizing transactions will be undertaken. Such stabilizing transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilizing Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilization transactions under the Offering. The Underwriting Agreement will provide that the Stabilization Manager may, for purposes of stabilizing transactions, over-allot Shares up to a maximum of 15% of the total number of Offer Shares sold in the Offering.

In connection with the Over-allotment Option, up to a maximum of 15% of the total number of Offer Shares will be made available by Summit Partners through a securities loan to be entered into on or around the date of the Underwriting Agreement (the "**Stock Lending Agreement**") to the Stabilization Manager.

None of us, the Selling Shareholders or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares or any other securities of the Company. In addition, none of us, the Selling Shareholders or any of the Underwriters makes any representation that the Stabilization Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

NOTICE TO INVESTORS

The offering of the Offer Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional adviser as to whether they require any governmental or any other consent or need to observe any other formalities to enable the investor to accept, sell or purchase Offer Shares.

No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for informational purposes only and should not be copied or redistributed.

If an investor receives a copy of this Prospectus in any territory other than the Netherlands, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares and, if applicable, the Additional Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same to any person in or into any jurisdiction where to do so would or may contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this "*Selling and Transfer Restrictions*" section.

Subject to the specific restrictions described below, if investors (including, without limitation, any investor's nominees and trustees) are outside the Netherlands and wish to accept, sell or purchase Offer Shares, they must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this "*Selling and Transfer Restrictions*" section is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

European Economic Area

In relation to each Relevant Member State no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except (i) in the Netherlands once this Prospectus has been approved by the AFM and published in accordance with the EU Prospectus Directive and the relevant provisions of the Dutch Financial Supervision Act, and (ii) in that Relevant Member State at any time under the following exemptions under the EU Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to legal entities which are qualified investors as defined in the EU Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators; or
- (c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Directive,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or any measure implementing the EU Prospectus Directive in a Relevant Member State or supplement a prospectus pursuant to Article 16 of the EU Prospectus Directive.

For the purpose of this provision, the expression an "**offer to the public**" in relation to any Offer Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State

by any measure implementing the EU Prospectus Directive in that Relevant Member State and the expression "EU Prospectus Directive" means Directive 2003/71/EC (as amended thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, subscribed for, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Outside the United States

Each investor of the Offer Shares outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (a) the investor acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to significant restrictions on transfer;
- (b) the investor and the person, if any, for whose account or benefit the investor is acquiring the Offer Shares, were located outside the United States at the time the buy order for such Offer Shares was originated and continue to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States;
- (c) the investor is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S as described in this Prospectus; and
- (d) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

Within the United States

Each investor of Offer Shares in reliance on Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (a) the investor is (a) a QIB, (b) acquiring the Shares for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Offer Shares or the Company, and (d) is aware, and each beneficial owner of such Offer Shares has been advised, that the sale of the Offer Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- (b) the investor understands that (1) the Offer Shares have not been, and will not be, registered under the United States Securities Act or with the securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of regulation S under the U.S. Securities Act, (c) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the U.S. Securities Act, or (e) to the Company or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States, and (2) it will, and each subsequent holder of the Offer Shares is required to, notify any investor of the Offer Shares from it of the resale restrictions applicable to the Offer Shares;

- (c) the investor understands that the Offer Shares (to the extent they are in certificated form) will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE SECURITIES REPRESENTED HEREBY, AGREES FOR OUR BENEFIT THAT THE SECURITIES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY OR FOREGOING, THE SECURITIES REPRESENTED HEREBY ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF 144(A) (3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SECURITIES ARE "RESTRICTED SECURITIES" (AS SO DEFINED) THE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF THE SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THIS SECURITY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

- (d) if it is acquiring any Shares for the account of one or more QIBs, the investor represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (e) the investor understands that the Company, the Selling Shareholders, the Underwriters and their affiliates, the Financial Adviser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective investors that are QIBs are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Australia

No prospectus or other disclosure document has been lodged with, or registered by the Australian Securities and Investments Commission in relation to the offering of the Offer Shares. This Prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (the "**Corporations Act**") and does not purport to include the information required for a prospectus or other disclosure document under the Corporations Act.

This document is being distributed in Australia by the Underwriters to persons (the "**Exempt Investors**") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act, to "professional investors" (within the meaning of section 708(11) of the Corporations Act) and/or otherwise pursuant to one of more exemptions contained in section 708 of the Corporations Act. The entity receiving this document represents and warrants that if it is in Australia, it is either a professional or a sophisticated investor or a person to whom it is lawful to offer the Offer Shares without disclosure to investors under Chapter 6D of the Corporations Act and that it will not distribute this document to any other person.

The Offer Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia for 12 months from the date of issue, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 or 708A of the Corporations Act. This document is not supplied in connection with any offering or proposed offering of securities or financial products that require disclosure in accordance with Chapter 6D or Part 7.9 of the Corporations Act. Chapters 6D and 7 of the Corporations Act are complex. Any person acquiring Offer Shares must observe such Australian on-sale restrictions and if in any doubt as to the application or effect of this legislation, should confer with its professional advisors.

United Kingdom

In the United Kingdom, this Prospectus is directed at and for distribution in the United Kingdom only to Qualified Investors (as defined below) who are: (i) persons who have professional experience in matters relating to investments falling within section 19(5) of the Order; or (ii) high net worth entities falling within section 49(2)(a) to (d) of the Order or (iii) other persons to whom this Prospectus may lawfully be communicated. This Prospectus is directed only at relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of their contents. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

TAXATION

Dutch Tax Considerations

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Share, and does not purport to deal with the tax consequences applicable to all categories of investors.

Except for the section "Withholding tax" below, this summary does not describe the Dutch tax consequences for an individual or non-resident entity holding a Share which individual or non-resident entity has or will have a substantial interest or a deemed substantial interest in the Company.

Generally speaking, an individual holding a Share has a substantial interest in the Company if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner, directly or indirectly have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of the Company or the issued and outstanding capital of any class of shares of the Company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of the Company. Also, an individual holding a Share has a substantial interest in the Company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in the Company. Generally, an individual holding a Share, or his partner or relevant relative, has a deemed substantial interest in the Company if either (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in the Company, on a non-recognition basis.

Generally speaking, a non-resident entity holding a Share has a substantial interest in the Company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over shares representing 5% or more of either the total issued and outstanding capital of the Company or the issued and outstanding capital of any class of shares of the Company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of the Company. Generally, an entity holding a Share has a deemed substantial interest in the Company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term entity means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Share, an individual holding a Share or an entity holding a Share, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Share or otherwise being regarded as owning a Share for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors are advised to consult their professional advisers as to the tax consequences of purchase, ownership and disposition of a Share.

Withholding tax

In general, the Company must withhold Dutch tax (dividend tax) from dividends distributed on the Shares at the rate of 15%.

Dividends include, without limitation:

- (i) Distributions of profits (including paid-in capital not recognized for dividend withholding tax purposes) in cash or in kind, including deemed and constructive dividends;
- (ii) liquidation distributions and, generally, proceeds realized upon a repurchase of Shares by us or upon the transfer of Shares to our direct or indirect subsidiary, in excess of the average paid-in capital recognized for dividend withholding tax purposes;
- (iii) the nominal value of Shares issued or any increase in the nominal value of Shares, except where such (increase in) the nominal value of Shares is funded out of our paid-in capital recognized for dividend withholding tax purposes;
- (iv) repayments of paid-in capital recognized for dividend withholding tax purposes up to the amount of our profits (*zuivere winst*) unless our General Meeting has resolved in advance that we shall make such repayments and the nominal value of the Shares concerned has been reduced by a corresponding amount through an amendment of the Articles of Association.

A holder of a Share which is, or is deemed to be, resident in the Netherlands for Dutch tax purposes is generally entitled to credit the dividend tax withheld against such holder's liability to Dutch tax on income and capital gains or, in certain cases, to apply for a full refund of the dividend tax withheld.

A holder of a Share which is not, and is not deemed to be, resident in the Netherlands for Dutch tax purposes may be eligible for a partial or complete exemption or refund of all or a portion of the dividend tax under an income tax convention in effect between the Netherlands and the holder's country of residence.

Under the terms of Dutch domestic anti-dividend stripping rules, a recipient of dividends distributed on a Share will not be entitled to an exemption from, reduction, refund, or credit of dividend tax if the recipient is not the beneficial owner of such dividends as meant in those rules.

Taxes on income and capital gains

Resident entities

An entity holding a Share which is, or is deemed to be, resident in the Netherlands for Dutch tax purposes and which is not tax exempt, will generally be subject to corporate income tax in the Netherlands in respect of income or a capital gain derived from such Share at the prevailing statutory rates, unless the holder has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to such Share. Generally speaking, the holder of a Share will have the benefit of the participation exemption (*deelnemingsvrijstelling*) if the holder owns at least 5% of the nominally paid-up share capital of the Company.

Resident individuals

An individual holding a Share who is, or is deemed to be, resident in the Netherlands for Dutch tax purposes will be subject to income tax in the Netherlands in respect of income or a capital gain derived from such Share at rates up to 52% if:

- (i) the holder has an enterprise or an interest in an enterprise to which the Share is attributable; or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

If neither condition (i) nor condition (ii) applies, such individual will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Share. The deemed return amounts to 4% of the value of the individual's net assets as per the beginning of the relevant fiscal year (including the Share). Subject to application of personal allowances, the deemed return shall be taxed at a rate of 30%.

Non residents

A holder of a Share which is not, is not deemed to be resident in the Netherlands for Dutch tax purposes will not be subject to taxation in the Netherlands on income or a capital gain derived from a Share unless:

- (i) such income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) taxable in the Netherlands; or
- (ii) the holder is an individual and such income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

Gift and inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Share by way of gift by, or on the death of, a holder, unless:

- (i) the holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value added tax

No value added tax will be due in the Netherlands in respect of payments in consideration for the issuance of a Share, payments on Share, or payments made upon a transfer of a Share.

Other taxes and duties

There is no registration tax, capital tax, customs duty, transfer tax, stamp duty, or any other similar tax or duty payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of a Share.

Residence

A holder of a Share will not be, or deemed to be, resident in the Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Share.

U.S. Tax Considerations

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, holding and disposing of the Shares. The following summary applies only to U.S. Holders that hold the Shares as capital assets for U.S. federal income tax purposes (generally, as property held for investment). The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare contribution tax on net investment income). This summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10% or more of our voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax deferred accounts, tax exempt organizations, dealers in securities or currencies, securities traders that elect mark to market tax accounting, investors that will hold the shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Code**"), U.S. Treasury regulations thereunder, published rulings of the IRS and judicial and

administrative interpretations thereof, in each case as available on the date of this Prospectus. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a "**U.S. Holder**" is a beneficial owner of Shares that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any state thereof or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity classified as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. An entity classified as a partnership considering an investment in Shares, and partners in such partnership, should consult their own tax advisers about the U.S. federal income tax consequences of an investment in the Shares.

Prospective investors of Shares should consult their own tax advisers with respect to the U.S. federal, state, local and non U.S. tax consequences to them in their particular circumstances of acquiring, holding, and disposing of Shares.

The discussion below under "*Distributions on Shares*" and "*Sale, Exchange or Other Taxable Disposition of Shares*" is subject to the passive foreign investment company ("**PFIC**") rules discussed under "*Passive Foreign Investment Companies*". See the discussion under "*Passive Foreign Investment Companies*".

Distributions on Shares

The gross amount (before any reduction for Dutch withholding taxes) of any distributions by us with respect to the Shares generally will be taxable to a U.S. Holder as foreign source ordinary dividend income to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that a distribution will generally be treated as a dividend for U.S. federal income tax purposes. Dividends paid by us will not be eligible for the dividends received deduction provided under the U.S. Code for dividends received by certain U.S. corporate Shareholders. With respect to non-corporate U.S. Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation generally includes a foreign corporation that is eligible for the benefits of specified income tax treaties with the United States. Subject to generally applicable limitations, dividends received with respect to the Shares will be qualified dividends if (i) we are eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for purposes of the qualified dividend rules and (ii) we were not, in the taxable year prior to the year in which the dividend payment was made, and are not, in the taxable year in which the dividend payment is made, a PFIC. See the discussion below under "*Passive Foreign Investment Companies*". So long as the Shares are "regularly traded" on Euronext and certain other conditions are met, we expect to be eligible for the benefits of the tax treaty between the United States and the Netherlands (the "**Tax Treaty**"). Subject to generally applicable limitations, we expect that dividends received by non-corporate U.S. Holders will generally be subject to taxation at reduced rates. U.S. Holders should consult their own tax advisors to determine whether the reduced rate will apply to any dividends received from us.

Dividends received with respect to the Shares generally will be treated as foreign source income. A U.S. Holder will be entitled, subject to generally applicable limitations and conditions, to claim a U.S. foreign tax credit in respect of any Dutch taxes withheld on dividends received on the Shares. U.S. Holders who do not elect to claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. If a U.S. Holder is eligible for benefits under the Tax Treaty or otherwise is entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit or deduction for the amount of any non-U.S. taxes withheld in excess of the maximum rate under the Tax Treaty or for the taxes with respect to which such holder can obtain a refund from the Dutch taxing authorities. The rules relating to computing foreign tax credits or deducting foreign taxes are

complex, and U.S. Holders are urged to consult their own tax advisers regarding the availability of foreign tax credits in their particular situation.

U.S. Holders should consult their own tax advisers about how to account for payments made or received in a currency other than the U.S. dollar.

Sale, exchange or other taxable disposition of Shares

A U.S. Holder generally will recognize U.S.-source capital gain or loss upon the sale, exchange or other taxable disposition of the Shares equal to the difference, if any, between the U.S. dollar amount realized on the sale, exchange or other taxable disposition of the Shares and the U.S. Holder's tax basis in the Shares (generally their cost in U.S. dollars). Any such gain or loss will be long-term capital gain or loss if the Shares have been held for more than one year. Certain non-corporate U.S. Holders may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisers about how to account for payments made or received in a currency other than the U.S. dollar.

Passive foreign investment companies

Special U.S. federal income tax rules apply to U.S. Holders that own, directly or indirectly, Shares of a PFIC. A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules with respect to the income and assets of subsidiaries and certain other companies, either (i) at least 75% of its gross income is "passive income" or (ii) on average at least 50% of the average value (determined on a quarterly basis) of its assets is attributable to assets that produce or are held to produce passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents and royalties and gains from the disposition of passive assets. Passive income does not include gains from the sale of property which, in the hands of the foreign corporation, is stock in trade, inventory or property held primarily for sale to customers in the ordinary course of the trade or business of the foreign corporation. The U.S. Code specifically excludes from the definition of passive income gains realized by a regular dealer in property that is derived from a transaction entered into in the ordinary course of such dealer's trade or business as a dealer.

Based upon an analysis of our current assets and income and the manner in which we operate our business, we do not expect to be treated as a PFIC for the preceding taxable year, our current taxable year or in the foreseeable future, provided that the current PFIC tax rules do not change. However, because the application of the PFIC rules to our business is not entirely clear, it is possible that the IRS could take the position, and that a court might agree, that some or all of the income or assets that we treat as active for purposes of the PFIC test are passive.

If we were classified as a PFIC at any time during a U.S. Holder's holding period, such U.S. Holder could be subject to materially adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on the Shares as well as tax reporting obligations. U.S. Holders should consult their tax advisors about the consequences if we are classified as a PFIC.

Backup withholding and information reporting

Information returns may be filed with the IRS in connection with distributions on the Shares and the proceeds from a sale exchange or other taxable disposition of the Shares. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the IRS.

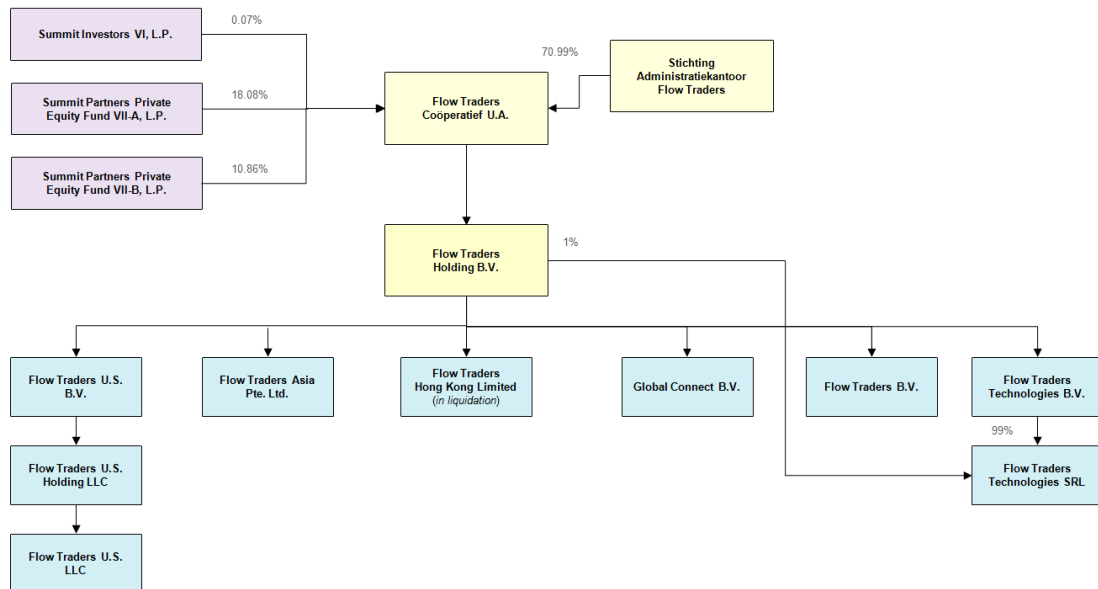
U.S. Holders should consult their own tax advisers regarding any additional tax reporting or filing requirements they may have as a result of acquiring, owning or disposing of the Shares, including requirements related to the holding of certain foreign financial assets. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

GENERAL INFORMATION

Organizational Structure and Significant Subsidiaries

Organizational structure

The chart below sets out our structure at the date of this Prospectus:



The Company currently does not envisage the structure to change following Conversion and Settlement, except that (i) upon Conversion, the Company, incorporated as a Dutch cooperative (*coöperatie met uitgesloten aansprakelijkheid*) under the laws of the Netherlands, will be converted to a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands and the legal and commercial name will then become Flow Traders N.V.; (ii) immediately after Conversion, Javak and Avalon, and other current and former employees in respect of the Shares they will continue to own after Settlement, will become direct Shareholders in the Company; and (iii) shortly after Settlement, the Foundation, having sold and/or transferred all of the remaining Shares held by it in the Offering, is expected to be dissolved. See also "*Major Shareholders and Related Party Transactions—Major Shareholders*".

Significant subsidiaries

As also reflected in our structure chart above the list below sets out our significant subsidiaries:

	Subsidiary Name	Country	% of capital and voting rights held directly or indirectly by the Company
1.	Flow Traders Holding B.V.	the Netherlands	100%
2.	Flow Traders B.V.	the Netherlands	100%
3.	Global Connect B.V.	the Netherlands	100%
4.	Flow Traders Technologies B.V.	the Netherlands	100%
5.	Flow Traders U.S. B.V.	the Netherlands	100%
6.	Flow Traders U.S. Holding LLC	United States, (Delaware)	100%
7.	Flow Traders U.S. LLC	United States, (Delaware)	100%
8.	Flow Traders Asia Pte. Ltd.	Singapore	100%
9.	Flow Traders Technologies SRL	Romania	100%

Significant Investments

The list below sets out our significant investments:

	Company Name	Country	% of capital and voting rights held by the Company
1.	ThinkCapital Holding B.V.	the Netherlands	24% (B-shares)
2.	ThinkCapital Asset Management B.V.	the Netherlands	24% (indirectly)

ThinkCapital is a Dutch ETF issuer in which the Company holds a 24% minority stake as a passive strategic investment. Mr. Dijkstra, our Co-CEO, holds a supervisory board position at ThinkCapital Holding B.V. The Company is not affiliated with or actively involved in ThinkCapital's business or operations.

No Significant Change

There has been no significant change in our financial or trading position since 31 March 2015 except for the following:

- on 15 June 2015, the Foundation issued new depositary receipts for membership interests in the Company's capital, subscribed for by 54 current employees, including the Co-CEOs. The 2015 EEP represents, on aggregate and on a fully-diluted basis, an indirect economic interest of approximately 3.3% in the capital of the Company. The aggregate subscription price paid for such depositary receipts was €22.2 million. The Company's capital (as well as the capital account members B) was increased with this amount. See "*Management, Employees and Corporate Governance—Participation by Co-CEOs and Other Employees of our Group—2015 Employee Equity Plan*"; and
- upon, and subject to, Settlement occurring, the Co-CEOs and eligible senior employees will receive proceeds in connection with the cancellation and settlement of SARs granted by the Company during 2009 and 2011. By way of example, based on an Offer Price at the midpoint of the Offer Price Range and assuming that the opening price and closing price for the Shares after the first day of trading are equal to the Offer Price, the total gross expenses for the Company in connection with the settlement and termination of the SARs scheme shall amount to approximately €30 million and the Co-CEOs will receive an aggregate gross amount of approximately €20 million. See "*Management, Employees and Corporate Governance—Participation by the Co-CEOs and Other Employees of our Group—SARs*". The expenses shall be treated as other expenses in the financial statements for the nine months period ending on 30 September 2015.

Expenses of the Offering

The expenses related to the Offering are estimated at approximately €20 million and include, among other items, the fees due to the AFM and Euronext, and legal and administrative expenses, as well as publication costs and applicable taxes, if any. The expenses payable by us are estimated to amount to approximately €4 million and the expenses payable by the Selling Shareholders are estimated to amount to approximately €16 million. See also "*Reasons for the Offering and Use of Proceeds*".

Working Capital

The Company believes that the working capital available to the Group is sufficient for the Group's present requirements; that is for at least twelve months following the date of this Prospectus.

Availability of Documents

The following documents (or copies thereof) may be obtained free of charge from our website www.flowtraders.com:

- this Prospectus
- the Articles of Association
- the Pricing Statement
- the Management Board Rules
- the Supervisory Board Rules

Financial Information

The annual accounts, the annual report and independent auditor's report are made available at our registered office to our Shareholders for review as from the day of the notice of convening the annual General Meeting.

Material Contracts

The contracts set out below (not being contracts entered into in the ordinary course of business) have (a) been entered into by us or another member of the Group within the two years immediately preceding the date of this document and are, or may be, material to us or any member of the Group; or (b) been entered into at any time and contain provisions under which we or any member of the Group has an obligation or entitlement which is, or may be, material to us or any member of the Group as at the date of this Prospectus:

Relationship Agreement

The Company, Summit Partners, Avalon and Javak have entered into the Relationship Agreement which will become effective as of the date immediately prior to the First Trading Date. The Relationship Agreement contains certain arrangements regarding the relationship between the Company, Summit Partners, Avalon, Javak after the Settlement Date. For more details see: "*Major Shareholders and Related Party Transactions—Related Party Transactions—Relationship Agreement*".

Members Agreement

On 29 May 2008, the Company together with, among others, the Selling Shareholders and Flow Traders Holding B.V., entered into a members agreement (the "**Members Agreement**") governing their relationship in respect of the Company and containing arrangements in respect of, *inter alia*, restrictions on transfers of membership interests in the Company, (dis)application of pre-emption rights, protection of minority members, dividend distributions and other commercial and governance related arrangements. In connection with Conversion and the Offering, the parties are expected to enter into a termination agreement in respect of the Members Agreement, which will become effective immediately following Conversion on 9 July 2015, terminating the Members Agreement and all material rights and obligations thereunder in respect of the relevant parties, including the Company.

In addition to these agreements please refer to "*Business—Key Agreements to Our Operations*" for an overview of our most important agreements entered into in the ordinary course of business.

Independent Auditor

KPMG Accountants N.V. ("**KPMG**"), independent auditors with their address at Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands, have audited and rendered an unqualified auditor's report on the

Special Purpose Financial Statements as at and for the years ended 31 December 2014, 31 December 2013 and 31 December 2012 as included in this Prospectus. The Group's condensed consolidated interim financial statements as of and for the three months ended 31 March 2015 and for the three months ended 31 March 2014 as included in this Prospectus have not been audited. The Group's condensed consolidated interim financial statements as of and for the three months ended 31 March 2015 and for the three months ended 31 March 2014 have been reviewed by KPMG as stated in their review report. KPMG have given, and not withdrawn, their written consent to the inclusion of their auditor's report and review report in this Prospectus in the form and context in which they are included. KPMG Accountants N.V. is governed by Dutch law in the Netherlands and is subject to inspection by the AFM. The AFM has granted KPMG Accountants N.V. a license to perform financial statement audits of public interest entities. The auditor who signs on behalf of KPMG is a member of the Dutch Professional Organization for Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

DEFINITIONS

Where in this Prospectus reference is made to "Flow Traders" "us", "we", "our" or "ourselves", this reference includes any member of the Group. Unless specifically stated otherwise, the following definitions are used in this Prospectus:

"2015 EEP"	means the 2015 employee equity plan of the Company.
"ABN AMRO"	means ABN AMRO Bank N.V.
"ABN Clearing"	means ABN AMRO Clearing Bank N.V., one of our principal prime brokers.
"Additional Shares"	means the Shares that may be available pursuant to the Over-allotment Option.
"AFM"	means the Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>).
"AML/ATFA"	means the act on the prevention of money laundering and the financing of terrorism (<i>Wet ter voorkoming van witwassen en financieren van terrorisme</i>).
"Allocation"	means the allocation of the Offer Shares.
"AP"	means Authorised Participant, a party which has a legal agreement in place with an ETP issuer that allows it to create and redeem ETPs of that issuer.
"Articles of Association"	means the articles of association of the Company as they will read following Conversion, which will take place immediately after determination of the Offer Price.
"Audit and Risk Committee"	means the audit and risk committee of the Supervisory Board.
"Avalon"	means Avalon Holding B.V.
"BAML"	means Bank of America Merrill Lynch, one of our principal prime brokers.
"Bid-ask Spread"	means the small difference between the price at which investors are willing to buy ETPs (or other financial instruments) on the basis of our quote and the price at which investors are willing to sell such ETPs (or other financial instruments).
"Business Day(s) "	means a day on which banks are open for business in Amsterdam, the Netherlands.
"Capital Requirements Regulation"	means EU Capital Requirements Regulation 575/2013.
"CAGR"	means compounded annual growth rate.
"CBOE"	means the Chicago Board Options Exchange.
"CCP"	means central counterparty.
"CFTC"	means the U.S. Commodity Futures Trading Commission.
"Co-CEO"	means each of the two Co-CEOs, the envisaged Co-CEOs Mr Sjoerd Rietberg and Mr Dennis Dijkstra.

"Code"	means the United States Internal Revenue Code of 1986 as amended.
"Committee Rules"	means the rules for each of the Audit and Risk Committee, the Selection and Appointment Committee and the Remuneration Committee.
"Company"	means Flow Traders N.V. (at the date of this Prospectus still a cooperative with excluded liability (<i>coöperatie met uitgesloten aansprakelijkheid</i>) named Flow Traders Coöperatief U.A., expected to be converted into a public company with limited liability (<i>naamloze vennootschap</i>) immediately after determination of the Offer Price pursuant to a notarial deed of amendment of the articles of association and conversion in accordance with a resolution of the General Meeting.
"Consolidated Financial Statements"	means the Interim Financial Statements together with the Special Purpose Financial Statements.
"Conversion"	means the conversion of the Company into a public company with limited liability (<i>naamloze vennootschap</i>) immediately after the determination of the Offer Price.
"CRD IV"	means the EU Capital Requirements Directive (2013/36/EU) together with the CCR.
"Credit Suisse"	means Credit Suisse Securities (Europe) Limited.
"CRR"	means Capital Requirements Regulation 575/2013.
"CSDR"	means central securities depositories regulation.
"CSD Regulation"	means the regulation to harmonize securities settlement and regulate central securities depositories, adopted by the European Parliament in April, 2014.
"CSDs"	means central securities depositories.
"CSMAD"	means directive on criminal sanctions for insider dealing and market manipulation.
"Daily net trading income"	means the net trading income as reported on a daily basis by the Group. Trades by subsidiaries whose reporting currency is other than the euro are translated at daily exchange rates to calculate the daily net trading income and at average monthly exchange rates for accounting purposes. The daily net trading income includes accruals for fees and net financial expenses related to the trading activities which might differ from the actual fees and net financial expenses related to the trading activities as included for accounting purposes.
"Deed of Amendment"	means the amendment of the Articles of Association by means of a deed of amendment of the Articles of Association as described in " <i>Description of share capital</i> ".
"District Court"	means a Dutch District Court (<i>Rechtbank</i>).
"Directive 2012/73/EU"	means the recommendation of the European Commission of 6 February 2012 on data protection guidelines for the Early Warning and Response System.

"DMMs"	means designated market makers.
"DNB"	means the Dutch Central Bank (<i>De Nederlandsche Bank</i>).
"Dutch Corporate Governance Code"	means the Dutch corporate governance code issued on 9 December 2003 and as amended as of 1 January 2009.
"Dutch Civil Code"	means the Dutch civil code (<i>Burgerlijk Wetboek</i>).
"Dutch Code of Civil Procedure"	means the Dutch Code of Civil Procedure (<i>Wetboek van Burgerlijke Rechtsvordering</i>).
"Dutch Financial Supervision Act"	means the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>).
"Dutch Financial Supervision Act Decree on Market Abuse"	means the Dutch Financial Supervision Act Decree on Market Abuse (<i>Besluit Marktmisbruik Wft</i>).
"Dutch Securities Giro Transfers Act"	means the Dutch Securities Giro Transfers Act (<i>Wet giraal effectenverkeer</i>).
"EBA"	means European Banking Authority.
"ECB"	means the European Central Bank.
"ECOFIN"	means the Economic and Financial Affairs Council held in May 2014.
"EMIR"	means the European Market Infrastructure Regulation of 4 July 2012.
"Enterprise Chamber"	means the enterprise chamber of the court of appeal in Amsterdam (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>).
"EPP"	means the employee participation plan of the Company.
"ESAs"	means European Supervisory Authorities.
"ESMA"	means the European Securities and Markets Authority.
"ETCs"	means exchanged traded commodities.
"ETFs"	means exchanged traded funds.
"ETPs"	means exchange traded products.
"ETNs"	means exchange traded notes.
"EU Prospectus Directive"	means Directive 2003/71/EC and amendments thereto, including Directive 2001/34/EC.
"euro" or "€"	means the lawful currency of the European Economic and Monetary Union.
"Euroclear Nederland"	means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland.
"Euronext"	means Euronext Amsterdam N.V.
"Euronext Amsterdam"	means Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.

"Exempt Investors"	means persons who are <i>sophisticated investors</i> within the meaning of section 708(8) of the Corporations Act, to <i>professional investors</i> within the meaning of section 708(11) of the Corporations Act and/or otherwise pursuant to one of more exemptions contained in section 708 of the Corporations Act.
"FINRA"	means the United States Financial Industry Regulatory Authority, Inc.
"First Trading Date"	means, subject to acceleration or extension of the timetable for the Offering, the date on which trading in the Shares on Euronext Amsterdam commences on an "as-if-and-when-delivered" basis, which is expected to be 10 July 2015.
"Financial Adviser"	means N M Rothschild & Sons Limited.
"Foundation"	means Stichting Administratiekantoor Flow Traders.
"FRSA"	means the Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>).
"FSMA"	means the Financial Services and Markets Act 2000.
"FTT"	means financial transaction tax.
"General Meeting"	means the general meeting of the Shareholders of the Company, being the corporate body or, where the context so requires, the physical meeting of Shareholders.
"Group"	means the Company and all its subsidiaries.
"Group Company"	means any subsidiary of the Group, within the meaning of Section 2:24b of the Dutch Civil Code.
"ICAAP"	means Internal Capital Adequacy Assessment Process.
"IFRS"	means the International Financial Reporting Standards as adopted for use in the European Union.
"Income Tax Act"	means the Dutch Income Tax Act (<i>Wet inkomstenbelasting 2001</i>).
"Interim Financial Statements"	means the Group's unaudited condensed consolidated interim financial statements as of 31 March 2015 and for the three months ended 31 March 2015 and 31 March 2014.
"IRS"	means the Internal Revenue Service.
"ISIN"	means International Security Identification Number.
"IT"	means information technology.
"Javak"	means Javak Investments B.V.
"Joint Bookrunners"	means Morgan Stanley, UBS, ABN AMRO and Credit Suisse.
"Joint Global Coordinators"	means Morgan Stanley and UBS.
"KID"	means key information document.

"KPMG"	means KPMG Accountants N.V.
"Listing and Paying Agent"	means ABN AMRO Bank N.V.
"MAD"	means Market Abuse Directive.
"MAD II"	means the MAD, the MAR and the CSMAD together.
"MAD II Legislation"	means MAD II together with MAR.
"Management Board"	means the management board (<i>bestuur</i>) of the Company.
"Management Board Meeting(s) "	means a meeting(s) of the Management Board.
"Management Board Rules"	means rules regarding the Management Board's functioning and internal organization.
"Managing Director(s)"	means member of the Management Board.
"MAR"	means the Market Abuse Regulation.
"Margin"	means the bid-ask spread less our costs and represents our profit on a trade.
"MAS"	means the Monetary Authority of Singapore.
"Member States"	means Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain.
"Members Agreement"	means the members agreement between the Company together with, among others, the Selling Shareholders and Flow Traders Holding B.V., entered into on 29 May 2008.
"MiFID"	means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.
"MiFID II"	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.
"MiFID II Legislation"	means the MiFID II and the MiFIR together.
"MiFIR"	means Markets in Financial Instruments Regulation.
"Morgan Stanley"	means Morgan Stanley & Co. International plc.
"NCAs"	means national competent authorities.
"NYSE"	means New York Stock Exchange.
"Offer Period"	means the period during which the Offering will take place, commencing on 9:00 CEST on 30 June 2015 and ending at 14:00 CEST on 9 July 2015, subject to acceleration or extension of the timetable for the Offering.
"Offer Price"	means the offer price per Offer Share.
"Offer Price Range"	means the expected price range of €29.00 to €37.00 (inclusive) per Offer Share.
"Offer Shares"	means the Shares that will be offered by the Selling Shareholders in the Offering which includes, unless the context indicates otherwise, the Additional Shares.

"Offering"	means (i) a public offering to institutional and retail investors in the Netherlands, and (ii) a private placement to certain institutional investors in various other jurisdictions.
"Order"	means FSMA (Financial Promotion) Order 2005, as amended.
"OTC"	means over-the-counter.
"OTF"	means organized trading facility.
"OTR(s)"	means order to transaction (or trade) ratio(s).
"Over-allotment Option"	means an option to be granted to the Joint Global Coordinators, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require Summit Partners to sell the Additional Shares at the Offer Price.
"PFIC"	means a passive foreign investment company as referred to in the relevant US tax laws.
"Pricing Statement"	means the statement setting out the Offer Price and the exact number of Offer Shares, which will be deposited with the AFM and published through a press release.
"PRIIPS"	means packaged retail and insurance-based investment products.
"PRIIPS Regulation"	means Regulation 1286/2014 on key information documents for packaged retail and insurance-based investment products. This regulation requires a key information document to be provided when offering PRIIPS to certain clients.
"Prospectus"	means this prospectus dated 30 June 2015.
"QIB(s)"	means qualified institutional buyers as defined in Rule 144A of the U.S. Securities Act.
"Qualified Investors"	means (i) persons who have professional experience in matters relating to investments falling within section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within section 49(2)(a) to (d) of the Order or (iii) other persons to whom the Prospectus may lawfully be communicated.
"Qualifying Participation"	means a holding of 10% or more in the issued share capital of the investment firm (directly or indirectly), or the ability to vote at least 10% of the issued shares in the investment firm (directly or indirectly), or the ability to have a similar influence on the investment firm (directly or indirectly).
"Regulation S"	means Regulation S under the U.S. Securities Act.
"Relationship Agreement"	means the relationship agreement the Company and the Selling Shareholders expect to enter into on the Settlement Date.
"Relevant Member State"	means each member state of the European Economic Area which has implemented the EU Prospectus Directive.
"relevant persons"	means the Order who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as).

"Remuneration Act"	means the Dutch Act on the Remuneration Policies of Financial Undertakings (<i>Wet beloningsbeleid financiële ondernemingen</i>) as adopted by the Dutch Senate on 27 January 2015 and as effective as of 7 February 2015.
"Remuneration Committee"	means the remuneration committee of the Supervisory Board.
"Rothschild"	means N M Rothschild & Sons Limited.
"Rule 144A"	means rule 144A under the U.S. Securities Act.
"Selection and Appointment Committee"	means the selection and appointment committee of the Supervisory Board.
"Selling Shareholders"	means Summit Investors VI, L.P., Summit Partners Private Equity Fund VII-A, L.P., Summit Partners Private Equity Fund VII-B, L.P., Stichting Administratiekantoor Flow Traders, Avalon Holding B.V. and Javak Investments B.V.
"Settlement"	means delivery of the Offer Shares.
"Settlement Date"	means the date on which Settlement occurs which is expected to be on or about 14 July 2015, subject to acceleration or extension of the timetable for the Offering.
"SEC"	means the United States Securities and Exchange Commission.
"SFC"	means the Hong Kong Securities and Futures Commission.
"Shares"	means the issued and outstanding ordinary shares in the capital of the Company (each a " Share ").
"Shareholder"	means a holder of one or more Shares.
"Shareholders Agreement"	means the shareholders agreement dated 29 June 2015 among Summit Partners, Avalon and Javak in respect of their direct and indirect shareholdings in the Company.
"SI"	means Systematic Internaliser.
"Singapore dollars" or "\$"	means the lawful currency of Singapore
"Special Purpose Financial Statements"	means the Group's audited consolidated special purpose financial statements as of and for the years ended 31 December 2014, 31 December 2013 and December 2012.
"Stabilization Manager"	means Morgan Stanley.
"Stock Lending Agreement"	means the stock lending agreement to be entered into between Summit Partners and the Stabilization Manager on or around the date of the Underwriting Agreement.
"SRO"	means a self-regulatory organization.
"Summit Partners"	means Summit Partners Private Equity Fund VII-B,L.P., Summit Partners Private Equity VII-A,L.P. and Summit Investors VI, L.P.
"Supervisory Board"	means the supervisory board (<i>raad van commissarissen</i>) of the Company.
"Supervisory Board Rules"	means the rules regarding the Supervisory Board's functioning

	and internal organization.
"Supervisory Director"	means a member of the Supervisory Board.
"Synthetically Replicated ETP"	a synthetic ETP does not hold the underlying assets the product is designed to track. Instead, the ETP issuer enters into a swap agreement with a counterparty that contracts to provide the return of the underlying assets. Synthetic ETPs carry the risk of counterparty default. If a counterparty defaults on its obligations under the swap, the ETP would not provide the return of the asset it is designed to track, which could also expose investors to losses.
"T2S"	means the new proposal introduced by the European Central Bank to provide a central settlement function for the euro area, with other European currencies invited to join.
"UBS"	means UBS Limited.
"UCITS"	means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).
"Underwriting Agreement"	means the underwriting agreement expected to be entered into on or about 9 July 2015, between the Company, the Selling Shareholders and the Underwriters.
"Underwriters"	means each of the Joint Global Coordinators and the Joint Bookrunners.
"U.S." or "United States"	means the United States of America.
"U.S. dollar" or "\$"	means the lawful currency of the United States of America.
"U.S. Exchange Act"	means the United States Securities Exchange Act of 1934, as amended.
"U.S. Securities Act"	means the United States Securities Act of 1933, as amended.
"VAT"	means value-added tax.

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FINANCIAL STATEMENTS

**FLOW ■ TRADERS
COÖPERATIEF U.A.**

**Condensed consolidated
interim financial statements
31 March 2015**

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Condensed consolidated statement of financial position

<i>In thousands of euro</i>		31 March	31 Dec
	Note	2015	2014
Assets			
Cash and cash equivalents		4,544	2,322
Financial assets held for trading	4	3,239,484	2,796,084
Member loans		217	215
Trading receivables		1,907,479	495,656
Other receivables		6,342	4,292
Investments available-for-sale	4	922	1,236
Investments in associates		112	106
Property and equipment		23,821	20,866
Intangible assets		1,922	1,554
Total assets		5,184,843	3,322,331
Liabilities			
Financial liabilities held for trading	4	2,692,424	2,334,265
Trading payables		2,238,356	755,486
Other liabilities	6, 8, 9	58,571	83,008
Current tax liabilities		11,257	5,948
Deferred tax liabilities		864	832
Total liabilities		5,001,472	3,179,539
Member capital accounts			
Capital account member A		15,000	15,000
Capital account member B		148,821	118,077
Currency translation reserve		19,906	9,600
Fair value reserve		(356)	115
Total member capital accounts		183,371	142,792

The notes on pages 7 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

For the three months ended 31 March

<i>In thousands of euro</i>	Note	2015	2014
Gross trading income		100,423	53,983
Fees related to the trading activities		(14,769)	(9,553)
Net financial expenses related to the trading activities		(8,741)	(7,886)
Net trading income		76,913	36,544
Personnel expenses	6,10	(28,350)	(12,808)
Depreciation of property and equipment		(1,192)	(1,051)
Amortization of intangible assets		(115)	(77)
Write off of (in) tangible assets		-	(329)
Other expenses	9	(8,815)	(6,060)
Operating expenses		(38,472)	(20,325)
Operating result		38,441	16,219
Profit before tax		38,441	16,219
Tax expense	7	(7,697)	(3,065)
Profit for the period		30,744	13,154
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences – foreign operations		10,306	(238)
Available for sale net changes in fair value		(470)	175
Other comprehensive income for the year (net of tax)		9,835	(63)
Total comprehensive income for the year		40,579	13,091

The notes on pages 7 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in member capital accounts

Attributable to members of the Company for the three months ended 31 March 2015

<i>In thousands of euro</i>	Capital account member A	Capital account member B	Translation reserve	Revaluation reserve	Total member capital accounts
Balance at 1 January 2015	15,000	118,077	9,600	115	142,792
Total comprehensive income for the period					
Profit	-	30,744	-	-	30,744
Total other comprehensive income	-	-	10,306	(470)	9,835
Total comprehensive income for the period	-	30,744	10,306	(470)	40,579
Transactions with members of the Company, recognised directly in member capital accounts					
Dividends	-	-	-	-	-
Total contributions by and distributions to members of the Company	-	-	-	-	-
Balance at 31 March 2015	15,000	148,821	19,906	(356)	183,371

Attributable to members of the Company for the three months ended 31 March 2014

<i>In thousands of euro</i>	Capital account member A	Capital account member B	Translation reserve	Revaluation reserve	Total member capital accounts
Balance at 1 January 2014	19,000	118,055	582	(310)	137,327
Total comprehensive income for the period					
Profit	-	13,154	-	-	13,154
Total other comprehensive income	-	-	(238)	-	(238)
Total comprehensive income for the period	-	13,154	(238)	-	12,916
Transactions with members of the Company, recognised directly in member capital accounts					
Dividends	-	-	-	-	-
Total contributions by and distributions to members of the Company	-	-	-	-	-
Balance at 31 March 2014	19,000	131,209	344	(310)	150,243

The notes on pages 7 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement

<i>In thousands of euro</i>	For the three months ended 31 March		
	Note	2015	2014
<i>Cash flows from operating activities</i>			
Profit for the period		30,744	13,154
<u>Adjusted for:</u>			
Depreciation of property and equipment		1,192	1,051
Amortization of intangible assets		115	77
Write off of (in) tangible assets		-	329
Net financial expenses related to the trading activities		8,741	7,886
Tax expenses		7,697	3,065
<u>Changes in working capital</u>			
· (Increase) / decrease securities	2	(14,194)	1,727
· (Increase) / decrease member loans		(2)	228
· (Increase) other receivables		(2,050)	(1,842)
· (Decrease) other liabilities		(14,814)	(15,305)
· Increase / (decrease) currency translation reserve		9,202	(719)
<u>Cash flow from business operations</u>			
Interest paid		(9,021)	(8,139)
Interest received		280	253
Corporate income tax paid		(2,356)	(605)
Cash generated from operating activities		15,534	1,160
<i>Cash flows from investing activities</i>			
Acquisition of property and equipment		(2,231)	(602)
Acquisition of intangible assets		(26)	(199)
Net cash used in investing activities		(2,257)	(801)
<i>Cash flows from financing activities</i>			
Dividend paid		(11,055)	-
Net cash from (used in) financing activities		(11,055)	-
Net change in cash and cash equivalents		2,222	359
<i>Changes in cash</i>			
Cash and cash equivalents at 1 January		2,322	9,528
Cash and cash equivalents at 31 March		4,544	9,887
Changes in cash		2,222	359

The notes on pages 7 to 14 are an integral part of these condensed consolidated interim financial statements

Notes to the condensed consolidated interim financial statements

1. REPORTING ENTITY

Flow Traders Coöperatief U.A. (referred to as "the Coop") is the parent company of a related consolidated group of companies (referred to as "the Group"). Flow Traders Coöperatief U.A. is a cooperative, incorporated under Dutch law on 14 February 2008, and registered at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands. The Coop has two members, Summit Partners (hereafter referred to as Member A) and Stichting Administratiekantoor Flow Traders (hereafter referred to as Member B). The Group plays a central role in the global ETP ecosystem, providing liquidity to markets, issuers and investors. The Group's goal is to be a leading global ETP-focused liquidity provider.

The condensed consolidated interim financial statements of the Group for the three month period ended 31 March 2015 incorporate financial information of Flow Traders Coöperatief U.A., its controlled entities and interests in associates.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014, except for financial leases as these lease terms have been concluded for the first time for the Group as of 1 January 2015.

Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition property and equipment acquired by way of finance lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the Group will obtain ownership by the end of the lease term.

Finance lease payments

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Cash flow statement

In the cashflow statement of these condensed interim financial information statements, the total increase/decrease in securities represents the change in working capital arising from changes in financial assets held for trading, financial liabilities held for trading, trading receivables and trading payables.

The interim financial statements were authorised for issue by the General Meeting of Members of Flow Traders Coöperatief U.A. on 8 May 2015.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

4. MEASUREMENT OF FAIR VALUES

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.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). 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 valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and Black-Scholes option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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 recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. 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.

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then 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, then it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

Notes to the condensed consolidated interim financial statements

Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Co-Chief Executive Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both Product Control and Group Market Risk;
- Periodic calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 2 and 3 instruments (if any) compared with the previous day, by a local head of trading and appropriate risk personnel.

When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

a) Financial assets and liabilities held for trading

The Group mainly trades on regulated and active markets and mainly consist of Level 2 valuations in the fair value measurement hierarchy.

The valuation of trading positions, both the long and the short positions, is determined by reference 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.

b) Investments available for sale

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

c) Other receivables

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

d) Member-based payment transactions

The fair value of member appreciation rights is measured using a valuation technique. Measurement inputs include the theoretical share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Group's theoretical historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the condensed consolidated interim financial statements

Fair value hierarchy

31 March 2015

<i>In thousands of euro</i>	Level 1	Level 2	Level 3	Total
Long positions in equity securities-trading	225,495	2,972,271	-	3,197,767
Market to market derivative assets	97	41,620	-	41,717
Financial assets held for trading	225,592	3,013,892	-	3,239,484
Investments available for sale	-	922	-	922
Total Long position	225,592	3,014,814	-	3,240,406
Short positions in equity securities-trading	(408,709)	(2,183,193)	-	(2,591,902)
Market to market derivative liabilities	(99,998)	(524)	-	(100,522)
Total Short position	(508,707)	(2,183,717)	-	(2,692,424)

There have been no transfers between Levels 1, 2 and 3.

31 December 2014

<i>In thousands of euro</i>	Level 1	Level 2	Level 3	Total
Long positions in equity securities-trading	124,199	2,655,133	-	2,779,332
Market to market derivative assets	-	16,753	-	16,753
Financial assets held for trading	124,199	2,671,886	-	2,796,084
Investments available for sale	-	1,236	-	1,236
Total Long position	124,199	2,673,122	-	2,797,320
Short positions in equity securities-trading	(172,213)	(1,336,886)	-	(1,509,099)
Market to market derivative liabilities	(824,918)	(248)	-	(825,166)
Total Short position	(997,130)	(1,337,134)	-	(2,334,265)

There have been no transfers between Levels 1, 2 and 3.

Notes to the condensed consolidated interim financial statements

5. SEGMENT REPORTING

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

Reportable segments for the three months ended 31 March

	Europe		Asia		U.S.		Total	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
<i>In thousands of euro</i>	2015	2014	2015	2014	2015	2014	2015	2014
Gross trading income	66,064	34,109	16,654	6,093	17,705	13,781	100,423	53,983
Fees related to the trading activities	(9,219)	(6,650)	(2,710)	(1,453)	(2,840)	(1,450)	(14,769)	(9,553)
Net financial expenses related to the trading activities	(5,681)	(4,487)	(1,062)	(620)	(1,998)	(2,779)	(8,741)	(7,886)
Net trading income	51,164	22,972	12,882	4,020	12,867	9,552	76,913	36,544
Personnel expenses	(22,184)	(11,500)	(2,716)	(555)	(3,450)	(753)	(28,350)	(12,808)
Depreciation	(655)	(654)	(233)	(180)	(304)	(217)	(1,192)	(1,051)
Amortization	(66)	(32)	(18)	(18)	(31)	(27)	(115)	(77)
Write off of (in)tangible assets	-	1	-	(60)	-	(270)	-	(329)
Other expenses	(5,913)	(4,285)	(1,279)	(718)	(1,623)	(1,057)	(8,815)	(6,060)
Operating expenses	(28,818)	(16,470)	(4,246)	(1,531)	(5,408)	(2,324)	(38,472)	(20,325)
Operating result	22,346	6,502	8,636	2,489	7,459	7,228	38,441	16,219
Profit before tax	22,346	6,502	8,636	2,489	7,459	7,228	38,441	16,219
Tax expense	(5,538)	(3,322)	(518)	257	(1,641)	-	(7,697)	(3,065)
Profit for the period	16,808	3,180	8,118	2,746	5,818	7,228	30,744	13,154

	Q1	Q4	Q1	Q4	Q1	Q4	Q1	Q4
	2015	2014	2015	2014	2015	2014	2015	2014
Assets	3,973,098	2,196,636	511,886	357,631	699,859	768,063	5,184,843	3,322,331
Liabilities	3,891,068	2,137,881	480,999	330,753	629,405	710,905	5,001,472	3,179,539

Notes to the condensed consolidated interim financial statements

6. MEMBER-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

During 2009 and 2011 the Group granted 28,080 and 24,441 share appreciation rights (SARs), respectively, to employees that entitle them to a cash payment after 6 years of service (vesting period). The SARs do not expire after the grant date. The amount of the cash payment is determined based on the increase in the theoretical share price of the Group between grant date and the time of exercise. The purpose of the schemes, apart from promoting a lasting growth of the Group, is to attract, retain and motivate senior executives and staff.

During the first quarter of 2015 no SARs were granted by the Group.

The inputs used in the measurement of the fair values at grant date and measurement date of the share appreciation rights were as follows.

	SARS 2009		SARS 2011	
	Grant date	Measure-ment date	Grant date	Measure-ment date
	1 Jan 09	31 Mar 15	1 Jan 11	31 Mar 15
<i>In euro's</i>				
Fair value	16.41	49.85	10.38	24.16
Share price	60.70	92.37	73.90	92.37
Exercise price	131.96	46.95	158.35	90.59
Expected volatility (weighted average)	25%	19%	25%	19%
Expected life (weighted average)	10	10	10	10
Expected dividends	-	-	-	-
Risk-free interest rate (based on government bonds)	1.5%	0.6%	1.5%	0.6%

Employee expenses

	31 March 2015	31 March 2014
SARs granted in 2009	18,000	20,700
SARs granted in 2011	23,683	23,683
Expense arising from SARs granted in 2009 (in thousand euro's)	224	39
Expense arising from SARs granted in 2011 (in thousand euro's)	103	23
Forfeited/cancelled SARs	-	-
Total expense recognised as employee benefit expense (in thousand euro's)	327	61
Total carrying amount of liabilities for cash-settled arrangements (in thousand euro's)	947	495
Total intrinsic value of liabilities for vested benefits (in thousand euro's)	947	495

The expense has been recognized in the statement of comprehensive income in the line item personnel expense and the corresponding liability has been recognized under other liabilities.

Notes to the condensed consolidated interim financial statements

7. TAX EXPENSES

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the three months ended 31 March 2015 is 20% (three months ended 31 March 2014: 12%). The change in effective tax rate was caused mainly by the following factors:

- the change of activities in the U.S. as a result of which the Group's U.S. activities no longer benefit from a so-called trading safe harbor provision under the U.S. Internal Revenue Code and have become subject to the ordinary U.S. tax regime.
- as of 1 January 2015, the company applies a new transfer pricing methodology for the determination of its taxable trading income in the Netherlands, U.S. and Singapore.

8. OTHER CONTINGENT LIABILITIES

a) Claims

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

b) 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.

9. FINANCE LEASE

Finance lease liabilities

In the other liabilities of Euro 58,571 as per 31 March 2015, an amount of Euro 1,432 relates to financial lease liabilities. Financial lease liabilities are as follows:

<i>(in thousands of euro)</i>	Future minimum lease payments		Interest		Present value of minimum lease payment	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
Less than one year	493	-	48	-	445	-
Between one and five years	1,039	-	52	-	987	-
Total	1,531	-	100	-	1,432	-

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

10. RELATED PARTIES*General*

The members of the Board (3 persons) and the members of the Global Management Team (additional 8 persons) are considered the persons responsible for managing and controlling the Group. Transactions with key management personnel relate to:

Member loans

This loan is granted to a member of the ultimate holding company, Flow Traders Coöperatief U.A. and is secured by a pledge on the membership rights. The loan has a term of 10 years and matures in 2025, but is repayable without any penalty fee and bears a floating interest rate with a credit spread.

Key management personnel compensation

Key management personnel compensation comprised the following.

<i>In thousands of euro</i>	For the three months ended 31 March	
	2015	2014
Short-term employee benefits	2,027	2,027
Share-based payments	361	61
Total	2388	2088

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the time of issuing these interim financial statements on 8 May 2015.

No material subsequent events have occurred since 31 March 2015 that requires recognition or disclosure in this period's financial statements.

12. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statement are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

Notes to the condensed consolidated interim financial statements

To: The General Meeting of Members of Flow Traders Coöperatief U.A.

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements as at 31 March 2015 of Flow Traders Coöperatief U.A., Amsterdam, which comprises the statement of financial position as at 31 March 2015, the statements of comprehensive income, changes in member capital accounts, and cash flows for the period of 3 months ended 31 March 2015, and the notes. The Management board of the Cooperation is responsible for the preparation and presentation of this consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 8 May 2015

KPMG Accountants N.V.

J.J.A. van Nek RA

**FLOW ■ TRADERS
COÖPERATIEF U.A.**

Special Purpose Financial Statements

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**Flow Traders Coöperatief U.A.
Consolidated financial statements
2014**

Consolidated statement of financial position

Consolidated special purpose statement of financial position

		At 31 December (year-end)		
(in thousands of euro)	Note	2014	2013	2012
Assets				
Cash and cash equivalents	13	2,322	9,528	2,097
Financial assets held for trading	14	2,796,084	2,303,694	1,860,371
Member loans	29	215	314	602
Trading receivables	15	495,656	575,697	311,135
Other receivables	16	4,292	7,935	7,150
Investments available-for-sale	17	1,236	712	686
Investments in associates	18	106	36	50
Property and equipment	19	20,866	12,612	10,019
Intangible assets	20	1,554	1,347	1,525
Total Assets		3,322,331	2,911,875	2,193,635
Liabilities				
Financial liabilities held for trading	21	2,334,265	824,769	915,707
Trading payables	22	755,486	1,895,464	1,136,795
Other liabilities	23	83,008	51,593	35,055
Current tax liabilities	12	5,948	1,843	3,986
Deferred tax liabilities	12	832	879	538
Total Liabilities		3,179,539	2,774,548	2,092,081
Capital Account Member A	24	15,000	19,000	23,000
Capital Account Member B	24	118,077	118,055	74,536
Currency translation reserve	24	9,600	582	4,357
Fair value reserve	24	115	(310)	(339)
Total member capital accounts		142,792	137,327	101,554
Total member capital accounts and liabilities		3,322,331	2,911,875	2,193,635

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Consolidated special purpose statement of comprehensive income

<i>(in thousands of euro)</i>	<i>Note</i>	At 31 December (year-end)		
		2014	2013	2012
Gross trading income		240,750	200,512	125,091
Fees related to the trading activities		(37,949)	(31,552)	(18,457)
Net financial expenses related to the trading activities		(30,103)	(25,680)	(15,417)
Net trading income	9	172,698	143,280	91,217
Personnel expenses	10	61,000	51,110	33,161
Depreciation of property and equipment	19	4,331	3,756	3,043
Amortization of intangible assets	20	353	313	279
Write off of (in) tangible assets	19/20	714	317	171
Other expenses	11	27,846	26,616	22,490
Operating expenses		94,244	82,112	59,144
Operating result		78,454	61,168	32,073
Impairment of equity-accounted investees	18	(115)	(197)	(428)
Profit before tax		78,339	60,971	31,645
Tax expense	12	10,470	7,370	3,944
Profit for the period		67,869	53,601	27,701
Foreign currency translation differences – foreign operations	24	9,018	(3,775)	244
Available for sale net changes in fair value	17	425	29	(301)
Other comprehensive income for the period, net of tax		9,443	(3,746)	(57)
Total comprehensive income for the period		77,312	49,855	27,644

<i>(in thousands of euro)</i>	<i>Note</i>	At 31 December (year-end)		
		2014	2013	2012
Profit attributable to:				
Member capital accounts		67,869	53,601	27,701
Profit for the period		67,869	53,601	27,701
Other comprehensive income attributable to:				
Member capital accounts		9,443	(3,746)	(57)
Other comprehensive income for the year		9,443	(3,746)	(57)

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of changes in member capital accounts

<i>In thousands of euro</i>	Note	Capital account member A	Capital account member B	Translation reserve	Fair value reserve	Total member capital accounts
Balance at 1 January 2014		19,000	118,055	582	(310)	137,327
Total comprehensive income for the year						
Profit	24	-	67,869	-	-	67,869
Total other comprehensive income		-	-	9,018	425	9,443
Total comprehensive income for the year		-	67,869	9,018	425	77,312
Transactions with members of the Company, recognised directly in member capital accounts						
Dividends	24	(4,000)	(67,847)	-	-	(71,847)
Total contributions by and distributions to members of the Company		(4,000)	(67,847)	-	-	(71,847)
Balance at 31 December 2014		15,000	118,077	9,600	115	142,792

<i>In thousands of euro</i>	Note	Capital account member A	Capital account member B	Translation reserve	Fair value reserve	Total member capital accounts
Balance at 1 January 2013		23,000	74,536	4,357	(339)	101,554
Total comprehensive income for the year						
Profit	24	-	53,601	-	-	53,601
Total other comprehensive income		-	-	(3,775)	29	(3,746)
Total comprehensive income for the year		-	53,601	(3,775)	29	49,855
Transactions with members of the Company, recognised directly in member capital accounts						
Dividends	24	(4,000)	(10,082)	-	-	(14,082)
Total contributions by and distributions to members of the Company		(4,000)	(10,082)	-	-	(14,082)
Balance at 31 December 2013		19,000	118,055	582	(310)	137,327

Consolidated statement of changes in member capital accounts

<i>In thousands of euro</i>	Note	Capital account member A	Capital account member B	Translation reserve	Fair value reserve	Total member capital accounts
Balance at 1 January 2012		39,000	73,381	4,113	(38)	116,456
Total comprehensive income for the year						
Profit	24	-	27,701	-	-	27,701
Total other comprehensive income		-	-	244	(301)	(57)
Total comprehensive income for the year		-	27,701	244	(301)	27,644
Transactions with members of the Company, recognised directly in member capital accounts						
Dividends	24	(16,000)	(26,546)	-	-	(42,546)
Total contributions by and distributions to mem		(16,000)	(26,546)	-	-	(42,546)
Balance at 31 December 2012		23,000	74,536	4,357	(339)	101,554

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Consolidated special purpose statement of cash flows

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
<i>Cash flows from operating activities</i>			
Profit for the year	67,869	53,601	27,701
Adjusted for:			
Depreciation of property and equipment	4,331	3,756	3,043
Amortisation of intangible assets	353	313	279
Write off of (in)tangible assets	714	317	171
Impairment of equity accounted investees (net of tax)	115	197	428
Net financial expenses related to the trading activities	30,103	25,680	15,417
Tax expenses	10,470	7,370	3,944
Changes in working capital			
- (increase)/ decrease financial assets held for trading	(492,390)	(443,323)	(125,366)
- (increase)/ decrease member loans	99	288	792
- (increase)/ decrease trading receivables	80,041	(264,562)	(165,558)
- (increase)/ decrease other receivables	3,643	(785)	(2,146)
- increase/ (decrease) financial liabilities held for trading	1,509,496	(90,938)	96,249
- increase/ (decrease) trading payables	(1,139,978)	758,669	186,788
- increase/ (decrease) other current liabilities	20,360	16,538	2,921
- increase/ (decrease) other	1,531	(4,651)	(130)
Cash flow from business operations			
Interest Paid	(30,103)	(25,680)	(15,417)
Corporate income tax paid	(6,412)	(9,172)	(4,993)
Cash generated from operating activities	60,242	27,618	24,123
<i>Cash flows from investing activities</i>			
Acquisition of associates	(180)	(192)	(1,369)
Acquisition of property and equipment	(6,122)	(5,826)	(4,168)
Acquisition of intangible assets	(354)	(87)	(488)
Net cash used in investing activities	(6,656)	(6,105)	(6,025)
<i>Cash flows from financing activities</i>			
Dividend paid	(60,792)	(14,082)	(42,546)
Net cash from (used in) financing activities	(60,792)	(14,082)	(42,546)
Net change in cash and cash equivalents	(7,206)	7,431	(24,448)
Changes in cash			
Cash and cash equivalents at 1 January	9,528	2,097	26,545
Cash and cash equivalents at 31 December	2,322	9,528	2,097
Changes in cash	(7,206)	7,431	(24,448)

The notes on pages 9 to 44 are an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Flow Traders Coöperatief U.A. (referred to as "the Coop") is the parent company of a related consolidated group of companies (referred to as "the Group"). Flow Traders Coöperatief U.A. is a cooperative, incorporated under Dutch law on 14 February 2008, and registered at Jacob Bontiusplaats 9, 1018 LL Amsterdam, the Netherlands. The Coop has two members, Summit Partners (hereafter referred to as Member A) and Stichting Administratiekantoor Flow Traders (hereafter referred to as Member B). The Group plays a central role in the global ETP ecosystem, providing liquidity to markets, issuers and investors. The Group's goal is to be a leading global ETP-focused liquidity provider.

The consolidated special purpose financial statements of the Group for the annual period ended 31 December 2014 incorporate financial information of Flow Traders Coöperatief U.A., its controlled entities and interests in associates. The annual financial statements are prepared by the Management Board and will be authorised for issue by General Meeting of Members of Flow Traders Coöperatief U.A.

The consolidated special purpose financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB as adopted by the European Union.

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

These special purpose financial statements 2012-2014 have been prepared for inclusion in the Group's offering circular scheduled to be issued in June 2015 and are prepared for the purpose of complying with this offering circular and for no other purpose.

The special purpose financial statements 2012-2014 have been prepared in accordance with 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.

The special purpose financial statements were authorized for issue by the Management Board on 8 May 2015.

These special purpose financial statements are not the statutory financial statements of the Coop. The Coop has filed statutory financial statements under Dutch law as at and for the fiscal years ended 31 December 2013 and 31 December 2012 with the Chamber of Commerce of Amsterdam and the Coop's statutory financial statements for the year ended 31 December 2014 will be filed with the Dutch Chamber of Commerce before expiration of the legal filing term.

b) Basis of measurement

The consolidated special purpose 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 special purpose 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 thousands, 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 recognised 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 analysed into cash flows from operations, including trading activities, investment activities and financing activities. Receivables from and payables to clearing organisations 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.

4. CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

As a result of the amendments to IAS 32, the Group has changed its accounting policy for offsetting financial assets and financial liabilities. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The change did not have a material impact on the Group's financial statements.

5. 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

The figures for 2013 and 2012 have been reclassified in order to make them comparable to current year's presentation. It concerns the following reclassifications:

- The software has been reclassified from tangible to intangible assets. For further details see note 20.
- We have reclassified the interest income under other expenses. For further details see note 11.

a) Basis of consolidation

The consolidated special purpose financial statements incorporate the financial information of the Group and its subsidiaries. All subsidiaries are consolidated in full.

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 recognised 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 recognised 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 recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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 special purpose 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 derecognises the assets and liabilities of the subsidiary, and any related non-controlled interest and other components of equity. Any resulting gain or loss is recognised 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 special purpose 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 unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised 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 retranslated to the functional currency at the exchange rate at that reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to 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 currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available for sale equity investments which are recognized in other comprehensive income. In case of impairments, exchange rate differences are recognised in the profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to 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) in the member capital accounts. 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 recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised 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 advances;
- 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 .

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments as financial liabilities held for trading or 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 recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised 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), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity;
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

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 amortised 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 the member capital accounts. When an investment is derecognized, the gain or loss accumulated in the member capital accounts 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 amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 realise 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.

When 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 recognised 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 Company values its daily trading positions based on theoretical prices whereby the price differences is recorded through the profit or loss account. However, the theoretical prices can differ from quoted market prices. The Company's risk management 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 is 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 recognises 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 capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as 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 life 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.

Subsequent measurement

Goodwill and indefinite-lived intangible assets are measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill 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 terms of 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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in the capital member accounts to profit or loss. The cumulative loss that is reclassified from the member capital accounts to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any 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 recognised in profit or loss, and is reversed if there has been a favourable 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 amortisation, 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 plans 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.

Share-based payment transactions

The fair value of the amount payable to employees in respect of share 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 to the trading activities.

Gross trading income includes all realised and unrealised income due to fair value changes on financial assets and liabilities held for trading, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets and foreign currency result. Fees related to the trading activities includes all fees paid directly related to the trading activities. Net financial expenses related to trading activities comprises of interest expense on the trading credit facilities received.

Net financial expenses related to trading activities mainly relate to interest expenses on the credit facility with the clearing institutions calculated on the drawn amount during the years.

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 member capital accounts 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 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 realised 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 utilised. 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 realised.

6. OPERATING SEGMENTS

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

For the year ended 31 December 2014

<i>In thousands of euro</i>	Europe	Asia	US	Total
Net trading income	113,676	24,345	34,677	172,698
Personnel expenses	43,853	6,157	10,990	61,000
Depreciation of property and equipment	2,615	801	915	4,331
Amortization of intangible assets	166	74	113	353
Write off of (in)tangible assets	366	66	282	714
Other expenses	19,619	3,775	4,452	27,846
Operating expenses	66,619	10,873	16,752	94,244
Operating result	47,057	13,472	17,925	78,454
Impairment of equity-accounted investees	(115)	-	-	(115)
Profit before tax	46,942	13,472	17,925	78,339
Tax expense	8,822	1,648	-	10,470
Profit for the period	38,120	11,824	17,925	67,869
Assets	2,196,636	357,632	768,063	3,322,331
Equity accounted investees	180	-	-	180
Capital expenditure	4,356	763	1,357	6,476
Liabilities	2,137,881	330,753	710,905	3,179,539

For the year ended 31 December 2013

<i>In thousands of euro</i>	Europe	Asia	US	Total
Net trading income	89,055	21,782	32,443	143,280
Personnel expenses	36,856	6,543	7,711	51,110
Depreciation of property and equipment	2,292	686	778	3,756
Amortization of intangible assets	115	93	105	313
Write off of (in)tangible assets	83	234	-	317
Other expenses	18,320	4,621	3,675	26,616
Operating expenses	57,666	12,177	12,269	82,112
Operating result	31,389	9,605	20,174	61,168
Impairment of equity-accounted investees	(197)	-	-	(197)
Profit before tax	31,192	9,605	20,174	60,971
Tax expense	5,898	1,472	-	7,370
Profit for the period	25,295	8,132	20,174	53,601
Assets	1,614,779	524,190	772,906	2,911,875
Equity accounted investees	192	-	-	192
Capital expenditure	4,195	340	1,378	5,913
Liabilities	1,551,602	502,932	720,014	2,774,548

For the year ended 31 December 2012*In thousands of euro*

	Europe	Asia	US	Total
Net trading income	62,436	12,881	15,899	91,217
Personnel expenses	21,361	5,163	6,637	33,161
Depreciation of property and equipment	1,697	696	650	3,043
Amortization of intangible assets	98	112	69	279
Write off of (in) tangible assets	171	-	-	171
Other expenses	14,470	5,445	2,575	22,490
Operating expenses	37,797	11,416	9,931	59,144
Operating result	24,639	1,465	5,968	32,073
Impairment of equity-accounted investees	(428)	-	-	(428)
Profit before tax	24,211	1,465	5,968	31,645
Tax expense	3,857	87	-	3,944
Profit for the period	20,354	1,378	5,968	27,701
Assets	1,387,200	426,715	379,720	2,193,635
Equity accounted investees	433	-	-	433
Capital expenditure	3,249	427	980	4,656
Liabilities	1,334,198	410,840	347,043	2,092,081

7. 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 2014, 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 the new general hedge accounting requirements. It also carries forward the guidance on recognition and de recognition of financial instruments from IAS 39. IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The Group is assessing the potential impact on its consolidated special purpose financial statements resulting from the application of IFRS 9.

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 limited.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. 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 2017, with early adoption permitted.

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

8. 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 valued 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 valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and Black-Scholes option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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 recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. 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.

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then 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, then 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 an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Co-Chief Executive Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both Product Control and Group Market Risk;
- Periodic calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 2 and 3 instruments (if any) compared with the previous day, by a local head of trading and appropriate risk personnel.

When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

a) Financial assets and liabilities held for trading

The Group mainly trades on regulated and active markets. Therefore a substantial part of the financial assets and liabilities held for trading are carried at fair value, based on quoted market prices, as published by exchanges, market vendors and clearing houses.

The valuation of trading positions, both the long and the short positions, is determined by reference 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.

b) Investments available for sale

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

c) Other receivables

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

d) Member-based payment transactions

The fair value of the share appreciation rights is measured using a valuation technique. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Group's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Fair value hierarchy

31 December 2014

<i>In thousands of euro</i>	Level 1	Level 2	Level 3	Total
Long positions in equity securities- trading	124,199	2,655,132	-	2,779,331
Market to market derivative assets	-	16,753	-	16,753
Financial assets held for trading	124,199	2,671,885	-	2,796,084
Investments available for sale	-	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
Market to market derivative 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

31 December 2013

<i>In thousands of euro</i>	Level 1	Level 2	Level 3	Total
Long positions in equity securities- trading	97,026	2,186,802	-	2,283,828
Market to market derivative assets	14,964	4,902	-	19,866
Financial assets held for trading	111,990	2,191,704	-	2,303,694
Investments available for sale	-	712	-	712
Total long positions	111,990	2,192,416	-	2,304,406
Short positions in equity securities- trading	120,437	692,882	-	813,319
Market to market derivative liabilities	10,503	947	-	11,450
Financial liabilities held for trading	130,940	693,829	-	824,769
Total short positions	130,940	693,829	-	824,769

31 December 2012

<i>In thousands of euro</i>	Level 1	Level 2	Level 3	Total
Long positions in equity securities- trading	229,295	1,619,441	-	1,848,736
Market to market derivative assets	8,751	2,884	-	11,635
Financial assets held for trading	238,046	1,622,325	-	1,860,371
Investments available for sale	-	686	-	686
Total long positions	238,046	1,623,011	-	1,861,057
Short positions in equity securities- trading	95,910	810,796	-	906,706
Market to market derivative liabilities	8,933	68	-	9,001
Financial liabilities held for trading	104,843	810,864	-	915,707
Total short positions	104,843	810,864	-	915,707

There have been no transfers from Level 1 to Level 2 in 2014, 2013 and 2012.

9. NET TRADING INCOME

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Gross trading income	240,750	200,512	125,091
Fees related to the trading activities	(37,949)	(31,552)	(18,457)
Net financial expenses related to the trading activities	(30,103)	(25,680)	(15,417)
Net trading income	172,698	143,280	91,217

Gross trading income comprises of 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 expenses on the credit facility with the clearing institutions calculated on the drawn amount during the year.

10. PERSONNEL EXPENSES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Wages and salaries	12,326	12,421	10,051
Social security charges	1,674	1,266	1,279
Recruitment and other employee costs	3,945	3,006	3,783
Share based payment transactions	204	271	81
Bonuses	42,851	34,146	17,967
Personnel expenses	61,000	51,110	33,161

11. OTHER EXPENSES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
IT costs and licensing	18,713	20,244	17,266
Housing	2,600	2,162	1,758
Advisors and Assurance	1,197	1,486	934
Regulatory costs	123	146	284
Fixed exchange costs	2,941	2,149	1,672
Various expenses	2,272	429	576
Other expenses	27,846	26,616	22,490

The change in various expenses and IT costs and licensing mainly relates to the Group's VAT refund position which due to the formation of a VAT fiscal unity decreased to Euro 700k in 2014 (2013: Euro 2.8m) and which as a result also has an effect on the decreased VAT on the on-charged IT costs and licensing of Euro 27k in 2014 (2013: Euro 2.2m).

12. TAXATION

Current tax expense

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Tax recognised in profit or loss			
Current tax expense	10,457	7,171	4,063
Adjustment for prior years	13	199	(119)
Tax expense excluding share of tax of equity-accounted investees	10,470	7,370	3,944
Share of tax of equity-accounted investees	-	-	-
Total tax expense	10,470	7,370	3,944

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

<i>In thousands of euro</i>	At 31 December (year-end)		
	2014	2013	2012
Profit before tax	78,339	60,971	31,645
Percentage	25.0%	25.0%	25.0%
Income tax expected	19,585	15,243	7,911
Actual income tax charge	10,470	7,370	3,944
In percentage	13.4%	12.1%	12.5%
Difference in tax expense	(11.6)%	(12.9)%	(12.5)%

The difference in tax expense is explained by:

Foreign tax rate differences US	(6.27)%	(7.97)%	0.07%
Foreign tax rate differences Singapore	(2.38)%	(1.39)%	(0.90)%
Foreign tax rate differences other foreign subsidiaries	(0.01)%	0.01%	(4.59)%
Income tax incentive NL	(2.98)%	(3.55)%	(7.11)%
Total	(11.6)%	(12.9)%	(12.5)%

No tax recognized in other comprehensive income in 2014, 2013 and 2012.

Current tax assets and liabilities

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

<i>In thousands of euro</i>	At 31 December (year-end)		
	2014	2013	2012
Liabilities			
The Netherlands	(4,052)	(643)	(3,909)
Singapore	(1,896)	(1,200)	(77)
US	-	-	-
Other	-	-	-
Net position total	(5,948)	(1,843)	(3,986)

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following.

Recognized deferred tax assets and liabilities

<i>In thousands of euro</i>	At 31 December (year-end)		
	2014	2013	2012
Liabilities			
Property and equipment	(832)	(879)	(538)
Tax loss carry-forwards	-	-	-
Net position total	(832)	(879)	(538)

13. CASH AND CASH EQUIVALENTS

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Europe	1,461	8,992	732.0
Asia	514	301	1,168.0
US	347	235	197.0
Total cash and cash equivalents	2,322	9,528	2,097

Cash and cash equivalents include a bank guarantee of EUR 105 thousand for office rent (2013: EUR 105 thousand). The other cash and cash equivalents are available on demand. Cash and cash equivalents have been made available to the clearing organisation to serve as security for amounts owed to the clearing organisation

14. FINANCIAL ASSETS HELD FOR TRADING

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Long position in equity securities-trading	2,779,331	2,283,828	1,848,736
Market to market derivatives assets	16,753	19,866	11,635
Total financial assets held for trading	2,796,084	2,303,694	1,860,371

All trading positions except for EUR 726,005 (2013 EUR 479,259) of mark to market derivative financial instruments are listed on exchanges.

15. TRADING RECEIVABLES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Receivables for securities sold	495,656	575,697	311,135
Total trading receivables	495,656	575,697	311,135

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 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

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Dividend withholding tax	1,432	806	679
VAT receivable	221	2,093	2,225
Other receivables	2,639	5,036	4,246
Total other receivables	4,292	7,935	7,150

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

17. INVESTMENTS AVAILABLE-FOR-SALE

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Net book amount 1 January	712	686	139
Acquisitions	-	-	936
Disposal	-	(3)	(50)
Net unrealised gains/(losses)	524	29	(339)
Total investments available for sale	1,236	712	686

The investments of the Group in various exchanges, via participations or so-called 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. The entire change in fair value, including any related foreign exchange component, is recognized in other comprehensive income unless impaired.

18. INVESTMENTS IN ASSOCIATES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Net book amount 1 January	36	50	46
Investments	180	192	433
Investments sold	-	(8)	-
Impairment of equity accounted investees	(115)	(197)	(428)
Net unrealised gains/(losses)	5	(1)	(1)
Total investments in associates	106	36	50

In 2014 the Group contributed additional capital of EUR 180 thousand (2013: EUR 180 thousand) in Think Capital Holding B.V ("Think") in cash. Its ownership remained 24 percent because all investors contributed a pro-rata amount of capital in 2014. Net unrealized losses relates to currency results on investments in other associates.

In 2014 the Group recorded an additional impairment of EUR 115 thousand (2013: EUR 197 thousand).

In 2014 the Group received no dividends from its investments in equity-accounted investees (2013 and 2012: nil).

19. PROPERTY AND EQUIPMENT

<i>In thousands of euro</i>	Hardware	Office fixtures	Other	Total
Cost				
Balance at 1 January 2012	10,479	3,508	73	14,060
Additions	1,614	154	2,400	4,168
Disposals	(171)	(1)	2	(170)
Balance at 31 December 2012	11,922	3,661	2,475	18,058
Balance at 1 January 2013	11,922	3,661	2,475	18,058
Additions	1,358	337	4,131	5,826
Disposals	(215)	(102)	-	(317)
Balance at 31 December 2013	13,065	3,896	6,606	23,567
Balance at 1 January 2014	13,065	3,896	6,606	23,567
Additions	68	4,269	1,785	6,122
Disposals	(545)	(157)	-	(702)
Balance at 31 December 2014	12,588	8,008	8,391	28,987
Depreciation and impairment losses				
Balance at 1 January 2012	(3,945)	(1,492)	(13)	(5,450)
Depreciation for the year	(2,209)	(742)	(92)	(3,043)
Disposals	419	21	12	452
Balance at 31 December 2012	(5,735)	(2,213)	(93)	(8,041)
Balance at 1 January 2013	(5,734)	(2,213)	(92)	(8,039)
Depreciation for the year	(2,232)	(712)	(812)	(3,756)
Disposals	630	210	-	840
Balance at 31 December 2013	(7,336)	(2,715)	(904)	(10,955)
Balance at 1 January 2014	(7,336)	(2,715)	(904)	(10,955)
Depreciation for the year	(2,356)	(643)	(1,332)	(4,331)
Disposals	4,903	2,263	(1)	7,165
Balance at 31 December 2014	(4,789)	(1,095)	(2,237)	(8,121)
Carrying amounts				
At 1 January 2012	6,534	2,016	60	8,610
At 31 December 2012	6,188	1,448	2,383	10,019
At 31 December 2013	5,729	1,181	5,702	12,612
At 31 December 2014	7,799	6,913	6,154	20,866

20. INTANGIBLE ASSETS

<i>In thousands of euro</i>	Software	Goodwill	Total
Cost			
Balance at 1 January 2012	1,106	502	1,608
Additions	488	-	488
Disposals	-	-	-
Balance at 31 December 2012	1,594	502	2,096
Balance at 1 January 2013	1,594	502	2,096
Additions	87	-	87
Disposals	-	-	-
Balance at 31 December 2013	1,681	502	2,183
Balance at 1 January 2014	1,681	502	2,183
Additions	354	-	354
Disposals	(12)	-	(12)
Balance at 31 December 2014	2,023	502	2,525
Depreciation and impairment losses		-	-
Balance at 1 January 2012	(316)	-	(316)
Depreciation for the year	(279)	-	(279)
Disposals	24	-	24
Balance at 31 December 2012	(571)	-	(571)
Balance at 1 January 2013	(571)	-	(571)
Depreciation for the year	(313)	-	(313)
Disposals	48	-	48
Balance at 31 December 2013	(836)	-	(836)
Balance at 1 January 2014	(836)	-	(836)
Depreciation for the year	(353)	-	(353)
Disposals	218	-	218
Balance at 31 December 2014	(971)	-	(971)
Carrying amounts			
At 1 January 2012	790	502	1,292
At 31 December 2012	1,023	502	1,525
At 31 December 2013	845	502	1,347
At 31 December 2014	1,052	502	1,554

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.

21. FINANCIAL LIABILITIES HELD FOR TRADING

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Short positions in equity securities- trading	1,509,099	813,319	906,706
Market to market derivative liabilities	825,166	11,450	9,001
Total financial liabilities held for trading	2,334,265	824,769	915,707

All trading positions except for EUR 35,531 (2013 EUR 10,191) of mark to market derivative liabilities are listed on exchanges.

22. TRADING PAYABLES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Payables for securities bought	179,357	88,970	248,152
Borrowings	576,129	1,806,494	888,643
Total trading payables	755,486	1,895,464	1,136,795

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 payable for securities purchased, but not yet settled as at the reporting date. The amount payable is based on the net unsettled amount per clearing institute.

Borrowings

This relates to the debt credit facility with clearing institutes. The clearing institute has granted a maximum credit facility of EUR 1,950,000,000 at a floating interest rate plus a credit spread.

All cash at bank and in hand, as well as all positions in options, securities, precious metals and other financial instruments have been made available to the clearing institute to serve as security for the amounts owing to the clearing institute at any one time.

23. OTHER LIABILITIES

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Long term loans	225	-	-
Long term bonus payable	16,419	16,281	7,986
Payable SARS	586	434	162
Non current liabilities	17,230	16,715	8,148
Short term loans	3,306	-	-
Wages and bonuses payables	44,000	25,241	20,882
VAT payable	-	1,576	1,534
Wages tax payable	76	2,264	1,413
Payable dividend	11,055	-	-
Other current liabilities	7,341	5,797	3,078
Total other liabilities	83,008	51,593	35,055

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

24. MEMBER CAPITAL ACCOUNTS

Proposed appropriation of profit

The proposed appropriation of profit for the year ended 31 December 2014 is in accordance with the members' agreement and therefore the profit is appropriated in the following manner and priority:

- Member A is entitled to the capital contribution of EUR 60 million minus an annual dividend paid to date. As a result member A is per 31 December 2014 entitled to its member capital accounts in the amount of EUR 15 million (2013: EUR 19 million);
- Thereafter member B is entitled to the capital contribution of EUR 140 million minus annual dividends paid to date. As a result member B is per 31 December 2014 entitled to its member capital accounts in the amount of EUR 118 million (2013: EUR 118 million);
- Member A and Member B receive profit on a pro rata basis according to their member capital accounts.

Dividend

Annual dividend

The class A members own a 30% preference membership interest, and the class B members own a 70% common interest.

The preference membership interest entitles the class A members to receive an annual dividend in cash during the years 2009 to 2014, the first year EUR 5 million and the next five years EUR 8 million per year. During 2013 member A received an additional interim dividend of EUR 4 million related to the dividend payment for 2014 and in 2014 received a dividend of EUR 4 million.

General distributions

After the annual dividend has been paid to the class A members, and so long as the Cooperative has freely distributable reserves equal to or greater than EUR 60 million minus the aggregate amount of annual dividends paid to date, and profits of the Cooperative in the relevant year exceed EUR 20 million, then the Cooperative may make a cash distribution to the class B members equal to the amount by which the profits of the Cooperative in the relevant year exceeded EUR 20 million, provided that the amount shall not exceed the sum of an amount, which after its distribution, the aggregate distributions shall have been on a pro rata basis to all members according to their capital accounts. During 2014 member B received a dividend payment of EUR 67.8 million (2013: 10.1 million)

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign operation.

Revaluation reserve

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

25. MEMBER-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

During 2009 and 2011 the Group granted 28,080 and 24,441 share appreciation rights (SARs), respectively, to employees that entitle them to a cash payment after 6 years of service (vesting period). The SARs do not expire after the grant date. The amount of the cash payment is determined based on the increase in the theoretical share price of the Group between grant date and the time of exercise. The purpose of the schemes, apart from promoting a lasting growth of the Group, is to attract, retain and motivate senior executives and staff.

During 2014 no SARs were granted by the Group.

The inputs used in the measurement of the fair values at grant date and measurement date of the share appreciation rights were as follows.

<i>In euro's</i>	SARS 2009			
	Grant date	Measure- ment date	Measure- ment date	Measure- ment date
	01/01/2009	31/12/2014	31/12/2013	31/12/2012
Fair value	16.41	34.26	27.83	15.65
Share price	60.70	74.95	84.46	65.98
Exercise price	131.96	94.75	94.75	94.75
Expected volatility (weighted average)	25%	17%	20%	25%
Expected life (weighted average)	10	10	10	10
Expected dividends	-	-	-	-
Risk-free interest rate (based on government bonds)	2.0%	0.8%	2.2%	1.5%

<i>In euro's</i>	SARS 2011			
	Grant date	Measure- ment date	Measure- ment date	Measure- ment date
	01/01/2011	31/12/2014	31/12/2013	31/12/2012
Fair value	10.38	9.78	14.84	9.60
Share price	73.90	74.95	84.46	65.98
Exercise price	158.35	131.70	131.70	131.70
Expected volatility (weighted average)	25%	17%	20%	25%
Expected life (weighted average)	10	10	10	10
Expected dividends	-	-	-	-
Risk-free interest rate (based on government bonds)	2.0%	0.8%	2.2%	1.5%

Employee expenses

	2014	2013	2012
SARS granted in 2009	18,000	20,700	22,140
SARS granted in 2011	23,683	23,683	24,441
Expense arising from SARS granted in 2009 (in thousand euro's)	200	207	66
Expense arising from SARS granted in 2011 (in thousand euro's)	4	64	15
Forfeited/cancelled SARS	2,700	2,198	5,940
Total expense recognised as employee benefit expense (in thousand euro's)	204	271	81
Total carrying amount of liabilities for cash- settled arrangements (in thousand euro's)	586	434	162
Total intrinsic value of liabilities for vested benefits (in thousand euro's)	586	434	162

The expense has been recognized in the statement of comprehensive income in the line item personnel expense and the corresponding liability has been recognized under other liabilities.

26. OPERATING LEASES**Leases as lessee**

Non-cancellable operating lease rentals are payable as follows.

	At 31 December (year-end)		
<i>(in thousands of euro)</i>	2014	2013	2012
Less than 1 year	7,273	6,632	5,727
Between 1 and 5 years	8,389	6,421	836
Total leases	15,662	13,053	6,563

All operating leases relate to household 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 Board (three persons) and the members of the Global Management Team (eight persons) are considered the persons responsible for managing and controlling the group. Transactions with key management personnel relate to:

Member loans

This loan is granted to a member of the ultimate holding company, Flow Traders Coöperatief U.A and is secured by a pledge on the membership rights. The loan has a term of 10 years and matures in 2025, but is repayable without any penalty fee and bears a floating interest rate with a credit spread.

Key management personnel compensation

Key management personnel compensation comprised the following.

<i>(in thousands of euro)</i>	At 31 December (year-end)		
	2014	2013	2012
Short term employee benefits	8,110	6,702	3,766
Share-based payments	203	225	65
Total key personnel compensation	8,313	6,927	3,831

29. GROUP ENTITIES

Significant subsidiaries	Country of incorporation	Ownership interest		
		2014	2013	2012
Flow Traders Holding B.V.	Netherlands	100%	100%	100%
Flow Traders US B.V.	Netherlands	100%	100%	100%
Flow Traders B.V.	Netherlands	100%	100%	100%
Global Connect B.V.	Netherlands	100%	100%	100%
TradeSense Solutions B.V.	Netherlands	0%	0%	100%
Flow Traders Technologies B.V.	Netherlands	100%	0%	0%
Flow Traders Asia Pte Ltd	Singapore	100%	100%	100%
Flow Traders Hong Kong Ltd*	Hong Kong	100%	100%	100%
Flow Traders US LLC	United States of America	100%	100%	100%
Global Connect BelRus FLLC	Belarus	0%	0%	100%
Flow Traders Technologies SRL	Romania	100%	100%	100%

* in liquidation process

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 subsidiaries operate. The supervisory frameworks require certain subsidiaries (Flow Traders BV and Flow Traders U.S. LLC) to keep certain levels of regulatory capital. Under the capital requirements of the De Nederlandsche Bank (DNB), Flow Traders and the consolidated Group, the minimum capital requirement is equal to the haircut calculated by our prime brokers.

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 over the counter 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.

<i>In thousands of euro</i>	Carrying amount		
	2014	2013	2012
Cash and cash equivalents	2,322	9,528	2,097
Financial assets held for trading	2,796,084	2,303,694	1,860,371
Member loans	215	314	602
Trading receivables	495,656	575,697	311,135
Other receivables	4,292	7,935	7,150

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 over the counter transactions. Credit risk related to transactions via 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 as guarantee for any failure to settlement of trading.

The Group manages credit risk through its risk management 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
- Strict monitoring procedures for late settlements

Creditworthiness of counterparties is continuously assessed and counterparty exposures are monitored on a daily basis.

During 2014, 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 International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts 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 realise the assets and settle the liabilities simultaneously.

The Group has outsourced collateral management to our clearing organisations, whereby they can receive and give 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, when appropriate, an ISDA Credit Support Annex. This means that securities received/given 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 gives collateral in the form of cash and marketable securities in respect of derivatives (including swaps). Such collateral is subject to standard industry terms including, when appropriate, an ISDA Credit Support Annex. This means that securities received/given 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.

	Gross amounts of recognized financial assets	Gross amounts of recognised 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
<i>In thousands of euro</i>					
31 December 2014					
Types of financial assets					
Long positions, including equity securities, cash positions with brokers, derivative financial instruments, and amount 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, amount payable to clearing agents, and borrowings	3,089,751	-	3,089,751	(3,089,751)	-
31 December 2013					
Types of financial assets					
Long positions, including equity securities, cash positions with brokers, derivative financial instruments, and amount receivable from clearing agent	2,879,391	-	2,879,391	(2,720,233)	159,159
Types of financial liabilities					
Short positions, including equity securities, derivative financial instruments, amount payable to clearing agents, and borrowings	2,720,233	-	2,720,233	(2,720,233)	-
31 December 2012					
Types of financial assets					
Long positions, including equity securities, cash positions with brokers, derivative financial instruments, and amount receivable from clearing agent	2,171,506	-	2,171,506	(2,052,502)	119,004
Types of financial liabilities					
Short positions, including equity securities, derivative financial instruments, amount payable to clearing agents, and borrowings	2,052,502	-	2,052,502	(2,052,502)	-

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; and
- Trading receivables - amortised cost
- Trading payables - amortised cost.

Market Risk

The market risk for the Coop 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 Management 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 Coop as a whole, limit breaches, if any, will trigger action from the Risk Management department in order to reduce the risk.

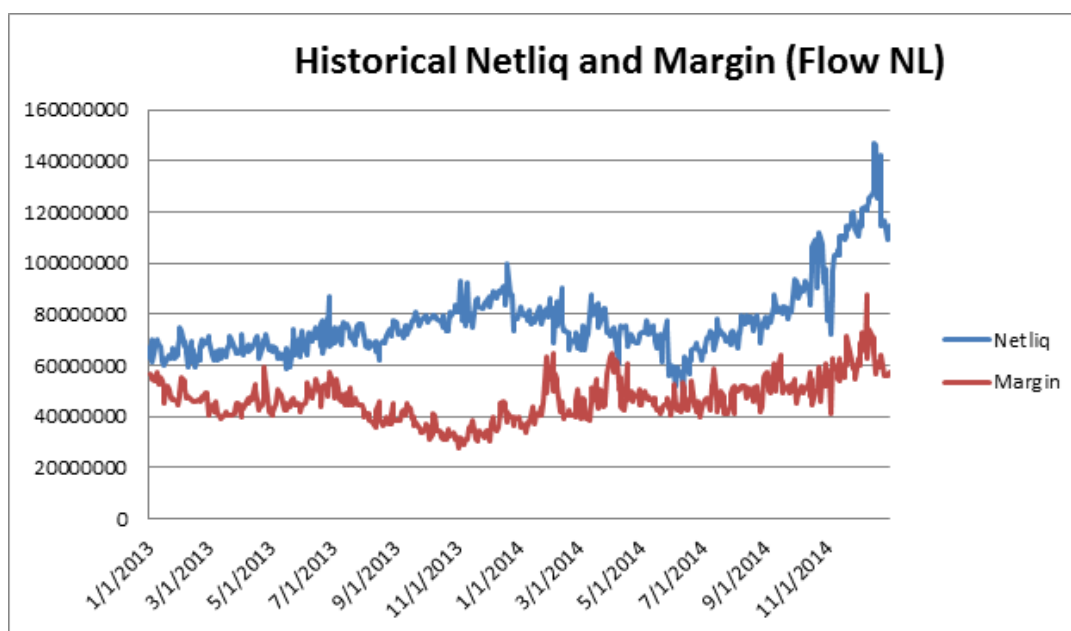
In addition to the Coop's Risk Management department, the trading positions are also daily monitored and the applicable haircut and margins are computed by the Coop's clearing partners and financiers.

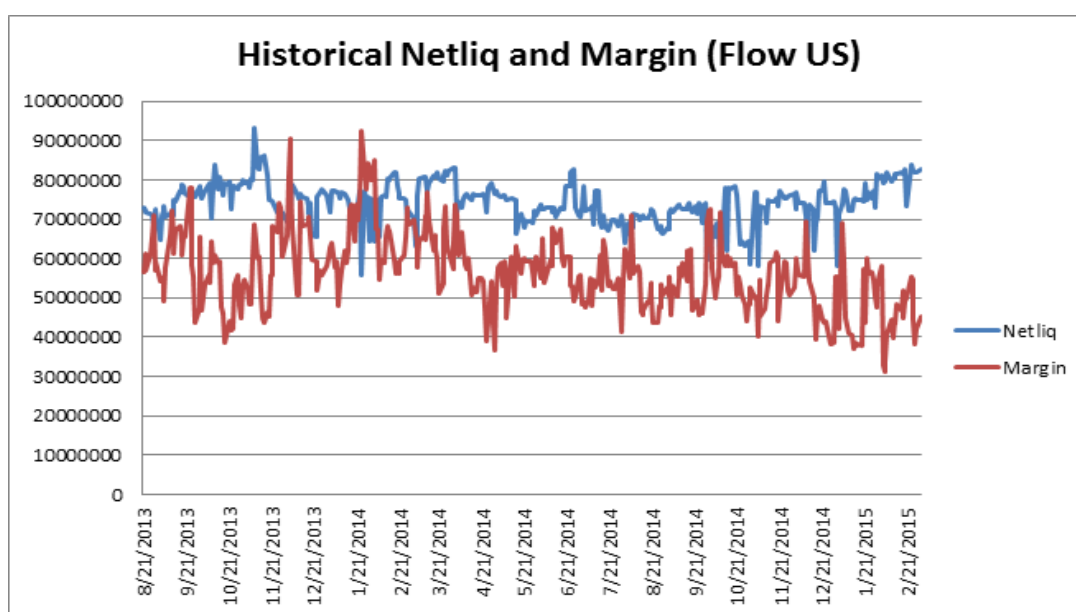
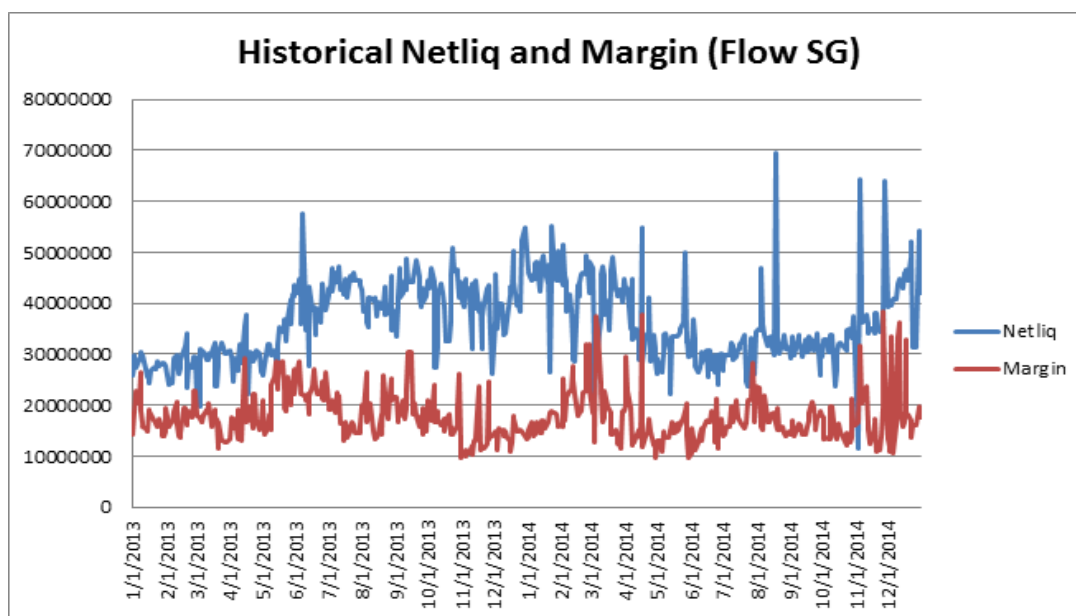
Included in both the long and short trading positions are amongst other securities and derivatives like: shares, American depositary receipts ("ADRs"), options, warrants, futures, forward rate agreement ("FRAs"), exchange traded products ("ETP"). All traded financials instruments are listed on exchanges and trade frequently. Therefore these can be considered as liquid.

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 Coop 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 company considers directional market risk, is not relevant for the company 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 Coop has to post at its prime brokers and clearing firms. The consolidated margin and haircut requirements during the last two years are shown in the table below. The haircut of the below graph reflects the mandatory capital requirement of our prime brokers. Although our positions are fully hedged a minimum risk close to zero remains as a result of inefficiencies in the models of our prime brokers.





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 Coop is exposed to interest rate risk as a result of mismatches of arranged interest rates of assets and liabilities. The Coop 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 Coop is engaged in high velocity market making and arbitrage trading 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 tradable.

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

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 risk 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 arbitrage trading 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 clearing partners and financiers. The haircut analyses 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 clearing organisations is monitored on a daily basis.

Maturity based on contractual undiscounted cash flows at:

31 December 2014	Carrying	Contractual	3 months
<i>In thousands of euro</i>	Amount	cash flow	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

31 December 2013	Carrying	Contractual	3 months
<i>In thousands of euro</i>	Amount	cash flow	or less
Payable for securities bought	88,970	88,970	88,970
Borrowings	1,806,494	1,806,494	1,806,494
Total trading payables	1,895,464	1,895,464	1,895,464

31 December 2012	Carrying	Contractual	3 months
<i>In thousands of euro</i>	Amount	cash flow	or less
Payable for securities bought	248,152	248,152	248,152
Borrowings	888,643	888,643	888,643
Total trading payables	1,136,795	1,136,795	1,136,795

There are no debts with a maturity longer than three months.

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.

31 December 2014

<i>In thousands of euro</i>	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
Cash and cash equivalents	2,322	2,322	-	-	-
Long positions in equity securities - trading	2,779,331	2,779,331	-	-	-
Member loans	215	-	-	-	215
Trading receivables	495,656	495,656	-	-	-
Other receivables	4,292	-	4,292	-	-
Investments available-for-sale	1,236	-	-	-	1,236
Investments in associates	106	-	-	-	106
Non-derivative financial assets	3,283,158	3,277,309	4,292	-	1,557
Short positions in equity securities - trading	1,509,099	1,509,099	-	-	-
Trading payables	755,486	755,486	-	-	-
Bonus payables	59,750	-	43,331	-	16,419
Long term loans	225	-	-	-	225
Short term loans	3,306	-	-	3,306	-
Other payables	26,507	-	25,675	-	832
Non-derivative financial liabilities	2,354,373	2,264,585	69,006	3,306	17,476
Market to market derivative assets	16,753	16,753	-	-	-
Derivative assets	16,753	16,753	-	-	-
Market to market derivative liabilities	825,166	825,166	-	-	-
Derivative liabilities	825,166	825,166	-	-	-

31 December 2013

	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
<i>In thousands of euro</i>					
Cash and cash equivalents	9,528	9,528	-	-	-
Long positions in equity securities - trading	2,283,828	2,283,828	-	-	-
Member loans	314	-	-	314	-
Trading receivables	575,697	575,697	-	-	-
Other receivables	7,935	-	7,935	-	-
Investments available-for-sale	712	-	-	-	712
Investments in associates	36	-	-	-	36
Non-derivative financial assets	2,878,050	2,869,053	7,935	314	748
Short positions in equity securities - trading	813,319	813,319	-	-	-
Trading payables	1,895,464	1,895,464	-	-	-
Bonus payables	40,737	-	24,456	-	16,281
Long term loans	-	-	-	-	-
Short term loans	-	-	-	-	-
Other payables	13,578	-	12,699	-	879
Non-derivative financial liabilities	2,763,098	2,708,783	37,155	-	17,160
Market to market derivative assets	19,866	19,866	-	-	-
Derivative assets	19,866	19,866	-	-	-
Market to market derivative liabilities	11,450	11,450	-	-	-
Derivative liabilities	11,450	11,450	-	-	-

31 December 2012

	Total	Receivable/ payable on demand	Within 3 months	3 months to 1 year	>1 year
<i>In thousands of euro</i>					
Cash and cash equivalents	2,097	2,097	-	-	-
Long positions in equity securities - trading	1,848,736	1,848,736	-	-	-
Member loans	602	-	-	-	602
Trading receivables	311,135	311,135	-	-	-
Other receivables	7,150	-	7,150	-	-
Investments available-for-sale	686	-	-	-	686
Investments in associates	50	-	-	-	50
Non-derivative financial assets	2,170,456	2,161,968	7,150	-	1,338
Short positions in equity securities - trading	906,706	906,706	-	-	-
Trading payables	1,136,795	1,136,795	-	-	-
Bonus payables	28,295	-	20,309	-	7,986
Long term loans	-	-	-	-	-
Short term loans	-	-	-	-	-
Other payables	11,284	-	10,746	-	538
Non-derivative financial liabilities	2,083,080	2,043,501	31,055	-	8,524
Market to market derivative assets	11,635	11,635	-	-	-
Derivative assets	11,635	11,635	-	-	-
Market to market derivative liabilities	9,001	9,001	-	-	-
Derivative liabilities	9,001	9,001	-	-	-

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. Capital consists 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 members.

As discussed above, the Group is prudentially supervised by the Dutch Central Bank ("De Nederlandsche Bank"). In addition, as a registered dealer, the Group is subject to the rules and regulations of the Financial Services Act ("Wet op het Financieel Toezicht") and, as a member of various venues, the Group is also subject to exchanges' rules and regulations.

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 the 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 2014, the net capital is well above the regulatory minimum requirements.

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

31. SUBSEQUENT EVENTS

There have been no subsequent events.

To: the Management Board of Flow Traders Coöperatief U.A.

Independent auditor's report

We have audited the accompanying special purpose financial statements of Flow Traders Coöperatief U.A. (the Company), which comprise the consolidated statements of financial position as at 31 December 2014, 2013 and 2012 and the consolidated statements of comprehensive income, changes in member capital accounts and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Management Board's responsibility

The management board is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the special purpose financial statements.

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

Opinion

In our opinion, the special purpose financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, 2013 and 2012 and of its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of preparation and restriction on use

Without modifying our opinion, we draw attention to note 1, which describes the special purpose of the special purpose financial statements and the notes, including the basis of accounting. The special purpose financial statements are prepared for the purpose of the Company's offering and admission to trading and listing of ordinary shares in the capital of the Company. As a result, the special purpose financial statements may not be suitable for another purpose. This independent auditor's report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Amstelveen, 8 May 2015

KPMG Accountants N.V.
J.J.A. van Nek RA

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