

# **IG US LLC**

**Statement of Financial Condition**

**For the period from December 1, 2017 to May 31, 2018**

**(with Report of Independent Registered Public  
Accounting Firm)**

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Member of IG US LLC

### ***Opinion on the Financial Statement – Financial Condition***

We have audited the accompanying statement of financial condition of IG US LLC as of May 31, 2018, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of May 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

The financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB and in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

### ***Supplemental Information***

The accompanying reconciliation of the statement of financial condition to the computation of the minimum capital requirements pursuant to Regulation 5.12(e)(3) under the Commodity Exchange Act and the computation of the minimum capital requirement are supplemental information required by Regulation 5.12 of the Commodities Exchange Act. The supplemental information is the responsibility of the Company’s management. The supplemental information has been subjected to audit procedures performed in conjunction with the audit of the Company’s financial statements. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Regulation 5.12 of the Commodities Exchange Act. In our opinion, the reconciliation of the statement of financial condition to the computation of the minimum capital requirements pursuant to Regulation 5.12(e)(3) under the Commodity Exchange Act and the computation of the minimum capital requirement is fairly stated, in all material respects, in relation to the financial statements as a whole.

*PricewaterhouseCoopers LLP*

October 25, 2018

We have served as the Company’s auditor since 2017.

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PricewaterhouseCoopers LLP, One North Wacker, Chicago, IL 60606  
T: (312) 298 2000, F: (312) 298 2001, www.pwc.com/us

**IG US LLC**  
**Statement of Financial Condition**  
**As of May 31, 2018**

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**Assets**

Cash	\$	22,722,448
Fixed assets, net		11,411
Other assets		11,691

**Total Assets** 22,745,550

**Liabilities**

Accrued expenses		50,596
Payable to Parent and affiliates		256,616

**Total Liabilities** 307,212

**Member's Equity** 22,438,338

**Total Liabilities and Member's Equity** \$ 22,745,550

The accompanying notes are an integral part of these financial statements.

# IG US LLC

## Statement of Financial Condition Notes

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### 1. Organization

On October 6, 2017, IG US LLC (the “Company”) was formed as a Delaware Limited Liability Company. The Company is a wholly-owned subsidiary of IG US Holdings, Inc. (the “Parent”), a Delaware Corporation. The ultimate parent is IG Group Holdings plc (“IG Group”), a United Kingdom company which is publicly traded on the London Stock Exchange. IG US will provide trading services for foreign exchange derivatives and other related products to retail and institutional clients.

The Company is registered with the Commodity Futures Trading Commission (“CFTC”), as well as with the National Futures Association (“NFA”), an industry self-regulating organization, to operate as a Retail Foreign Exchange Dealer (“RFED”).

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The Company’s Statement of Financial Condition is presented in accordance with generally accepted accounting principles (“GAAP”) in the United States of America (“US”).

#### *Use of Estimates*

The preparation of the Statement of Financial Condition in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the Statement of Financial Condition, and the reported amounts of revenues and expenses during the reporting period. Estimates are based on judgement and available information. Therefore, actual results could differ from management’s estimates.

#### *Cash*

The Company maintains cash at financial institutions where the total cash balance is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per bank. The Company is exposed to concentration credit risk since it maintains balances at financial institutions in excess of the FDIC limit.

#### *Fixed Assets*

Fixed assets consist of computer equipment, furniture and fixtures, and office equipment. Fixed assets are carried at cost, less accumulated depreciation. The Company periodically evaluates the carrying value of long-lived assets when events and circumstances warrant such review in accordance with accounting guidance. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 – 5 years
Furniture and fixtures	3 – 5 years
Office equipment	3 – 5 years

# IG US LLC

## Statement of Financial Condition Notes

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### 2. Summary of Significant Accounting Policies (continued)

#### *Income Taxes*

The Company has elected to be classified as a corporation for income tax purposes, and will be reported as part of the Parent's US consolidated federal income tax return. Income taxes are accounted for using the asset and liability method. Federal and state income tax balances are calculated as if the Company filed on a separate return basis. The total of the federal and state tax liability or benefit is calculated as either a payable to or a receivable from the Parent. The amount of any current and deferred income taxes payable or receivable, less any allowance, is recognized as of the date of the Statement of Financial Condition based on the currently enacted federal and state income tax laws and rates.

On December 22, 2017, the President signed into law H.R.1, formerly known as the Tax Cuts and Jobs Act of 2017 (the Act). The Act makes significant changes to U.S. corporate income tax laws including a decrease in the federal corporate income tax rate to 21% effective January 1, 2018. Since the Company began operations December 1, 2017, the Company did not have any prior deferred income tax balances in the Statement of Financial Condition that were affected by the Act.

Deferred tax assets and liabilities are recognized for the future consequences attributable to (1) the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, (2) tax operating losses, and (3) tax credit carryforwards. A valuation allowance is recognized for any deferred tax asset that is more likely than not to be realized. Deferred tax assets and liabilities are measured using currently enacted tax rates expected to be recovered or settled.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. When new information becomes available, the measurement of unrecognized tax benefits is adjusted accordingly. Uncertain tax positions are recognized only when it is more likely than not that the positions will be sustained upon examination by the tax authorities.

In November 2015, the FASB published ASU 2015-17 *Balance Sheet Classification of Deferred Taxes* simplifying the presentation of deferred income taxes by requiring companies to classify deferred tax liabilities and assets as noncurrent in a Statement of Financial Condition. ASU 2015-17 is effective for annual periods beginning December 15, 2017, with early adoption permitted. The Company has elected to adopt ASU 2015-17 as of December 1, 2017.

# IG US LLC

## Statement of Financial Condition Notes

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### 2. Summary of Significant Accounting Policies (continued)

#### *Valuation Hierarchy*

The Company categorizes its fair value measurements according to a three-level hierarchy in accordance with FASB 820, *Fair Value Measurements*. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 - Prices or valuation based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

At May 31, 2018, the Company did not have financial assets or liabilities that were recorded at fair value on a recurring basis. In general, the Company's financial assets and liabilities are carried at fair value or at amounts which approximate fair value on the Statement of Financial Condition.

### 3. Fixed Assets

Fixed assets consisted of the following at May 31, 2018:

Computer equipment	\$13,518
Less accumulated depreciation	(2,107)
Total	<u>\$11,411</u>

### 4. Accrued Expenses

Accrued expenses consisted of the following at May 31, 2018:

Accrued compensation	\$36,724
Other accruals	\$13,872
Total	<u>\$50,596</u>

Operating expenses are recognized when incurred.

## **IG US LLC**

### **Statement of Financial Condition Notes**

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#### **5. Related Party Transactions**

The Company has incurred various expenses that have been paid for by either its Parent or by one of its affiliates. As of May 31, 2018, the Company had a liability balance of \$256,616 due to its Parent and affiliates.

Effective April 1, 2018, the Parent signed a ten year lease for office space. As of the same date, the Company has entered into an agreement with the Parent for the allocation of office rent and premises costs based on a proportional share of employees in the office space.

#### **6. Income Taxes**

For the year ended May 31, 2018, the deferred tax asset resulted primarily from differences between financial reporting and tax basis accounting for federal and state income tax loss carryforwards. The Company recorded a valuation allowance on the net deferred tax asset, as it is more likely than not that this asset will not be realized in the future. Management reached this conclusion after considering all available evidence.

The Company's federal net operating loss carryforward will expire in 2038 and its state net loss operating carryforward will expire in 2030. As of May 31, 2018, the Company did not recognize any net deferred income tax assets, nor any uncertain income tax positions.

#### **7. Commitments, Contingencies and Risks**

The Company enters into various commitments to purchase necessary services for its operations. Currently, the only commitment that the Company has entered into is an agreement with its Parent for the allocation of office rent and premises costs.

In the ordinary course of business, the Company is subject to lawsuits, arbitration claims and other legal proceedings. The Company is also subject to inquiries, investigations, and other proceedings by regulatory and other governmental agencies. Management cannot predict with certainty the potential outcome of any legal proceeding. However, management is not aware of any legal proceeding that would have a material effect of on the Statement of Financial Condition.

Changes in federal legislation and regulatory rules could adversely impact the regulation and operations of the Company, which may negatively affect its operating results.

#### **8. Employee Retirement Plan**

The Company's Parent maintains a 401(k) retirement plan for the Company's employees. Qualified employees may make elective contributions according to the terms of the plan. The Company currently matches 50% of the first 6% of employee contributions. The Company's matching contributions vest based on the plan's vesting schedule.



## **IG US LLC**

### **Statement of Financial Condition Notes**

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#### **9. Employee Stock Purchase Plan**

IG Group offers an Employee Stock Purchase Plan that invites its employees to purchase IG Group stock. In general, participants may elect to have up to 5 percent of their wages withheld over a 6 month period. At the end of the 6 month period, the employee's withholding can be used to purchase IG Group stock at a 15 percent discount below the lower of the first or last day's closing price during the 6 month period. As of May 31, 2018, none of the Company's employees participated in this Employee Stock Purchase Plan.

#### **10. Regulatory Requirements**

The Company is subject to the CFTC Regulation 5.7 and NFA Section 11. Under applicable provisions of these rules and regulations, the Company is required to maintain a minimum adjusted net capital balance of \$20.0 million plus 5% for all liabilities owed to retail customers exceeding \$10.0 million and 10% of all liabilities owed to eligible contract participant counterparties, as defined in the rules and regulations. As of May 31, 2018, the Company had adjusted net capital of \$22,415,236 and net capital requirements of \$20,000,000.

#### **11. Subsequent Events**

The Company's management has evaluated subsequent events through October 25, 2018, the issuance date of the financial statements for the year period ended May 31, 2018. On September 18, 2018, the Parent made a \$1,000,000 capital contribution to the Company. On October 15, 2018, the Company received approval from the National Futures Association to operate as a licensed RFED