XTX Modern Slavery Statement

This statement has been prepared as part of XTX’s compliance with Section 54 of the Modern Slavery Act which requires certain firms to prepare a slavery and human trafficking statement for each financial year. This statement contains information in relation to the steps XTX has taken during the financial year ending on 31 December 2017 to ensure that slavery and human trafficking is not taking place: (1) in any part of its business; or (2) in any of its supply chains.

This statement applies to XTX Markets Limited and all companies which comprise the XTX group (“XTX”) including: XTX Research LLP, XTX Markets LLC and XTX Markets Pte. Ltd.

XTX Markets Limited is an English incorporated limited liability company and is authorised and regulated by the UK’s Financial Conduct Authority (“FCA”) as an IFPRU 730k full scope investment firm.

XTX does not tolerate slavery, servitude, forced or compulsory labour (any behaviour that amounts to coercion (in the form of either direct threats of violence or more subtle forms of compulsion and/or where work or service is extracted from any person in the menace of any penalty and for which the person has not offered him/herself voluntarily) or human trafficking (known as “modern slavery” in this statement) within its business or supply chains.

XTX’s business and supply chain

XTX is an electronic market maker and liquidity provider which trades multiple asset classes (including equities, fixed income, exchange traded derivatives and FX) on exchanges and trading venues as well as providing liquidity in spot FX and spot precious metals (gold and silver).
directly to eligible counterparties. XTX’s trading is either cleared via clearing brokers or directly with a central counterparty or given up to prime brokers.

To support XTX’s trading activities, XTX acquires trading data, purchases IT software and hardware and co-locates in certain exchanges.

XTX has offices in the UK, Singapore and New York.

XTX’s supply chain therefore comprises: exchanges (where XTX has exchange memberships) and banks (which act as executing or clearing brokers or as prime brokers); third party data providers, IT software and hardware providers and other IT infrastructure providers; and other miscellaneous suppliers such as office supplies and service providers.

**Risk of modern slavery in XTX’s business and supply chains**

*XTX’s business*

XTX’s business is as a trading firm and therefore the risk of modern slavery in its business is low in comparison to firms which produce or sell physical goods.

XTX has 90+ employees or contractors who are based in the UK, Singapore, the US, Australia and New Zealand (“XTX staff”). Most XTX staff carry out highly skilled activities and therefore the risk of these individuals being subject to modern slavery is very low. All XTX staff are employed or engaged on contractual terms which comply with applicable law. The jurisdictions in which XTX operates require XTX to comply with a high standard of rights for workers – including in relation to pay, working conditions and health and safety.

*XTX’s supply chain*

Although there is a risk that XTX’s supply chain uses modern slavery practices, XTX considers this risk to be low. The following considerations apply:

- Most of XTX’s suppliers – for example, exchanges, central counterparties and banks (acting in the capacity of exchange and clearing brokers or prime brokers) are heavily regulated entities which have their own obligations to ensure they do not engage in practices which may constitute modern slavery.
- Many of XTX’s suppliers do not produce or sell physical goods (for example, banking services or data provision) and require highly skilled workers to produce these services.
- XTX’s financial business operations are focused in jurisdictions where the risk of modern slavery is low. Most of XTX’s business is based in jurisdictions where the number of people living in modern slavery is indicated as being low on The Global Slavery Index.
- XTX only conducts their financial business with reputable counterparties. Prior to the commencement of a business relationship, and, on an ongoing basis, XTX performs due diligence which includes review of sanctions and adverse media.
The main risk that XTX’s engages suppliers whose practices include modern slavery are those producing physical goods and provision of managed services for the firm – such as IT hardware. These suppliers can be distinguished as higher risk as: they are unlikely to be regulated firms, they may rely on lower skilled workers to produce the goods, they may have their supply chain in higher risk jurisdictions, and they may be required to produce or source raw materials to produce their products.

**XTX’s approach to preventing modern slavery in its business and supply chain**

**XTX’s business**

XTX will continue to monitor its policies and practices in relation to XTX staff to ensure it does not engage in any practice which amounts to modern slavery.

**XTX’s supply chain**

XTX adopts a risk based approach to its supply chain. For those suppliers which are identified as low risk (due to the considerations set out above), it does not consider it necessary to conduct enhanced due diligence or take any further action.

However, in respect of suppliers which XTX considers high risk of conducting its activities in a manner that involves modern slavery, XTX is considering implementing enhanced due diligence. This process will involve any high-risk new supplier being required to provide XTX information about the measures they have taken to reduce the risk of modern slavery in their business. This may involve, where applicable, requiring the firm to provide XTX with their Modern Slavery Statement and/or requiring the firm to confirm that modern slavery practices do not form part of their business or their own supply chain. In respect of existing high-risk suppliers, XTX may undertake due diligence on their supply chain as if they were a new supplier. High-risk suppliers may also be subject to on-going review. XTX will emphasise to high-risk supplier that XTX has a zero tolerance approach towards modern slavery.

To the extent XTX identifies practices which amount to modern slavery in the businesses or supply chains of its suppliers, this will be escalated to the Chief Compliance Officer, Chief Operating Officer and, if the supplier relates to IT infrastructure, the Head of IT Infrastructure and XTX will consider whether it will terminate or not renew its arrangements with any such supplier.

**XTX training and policies in relation to modern slavery**

XTX makes this Modern Slavery Statement available to all XTX staff on its intranet. In addition to this statement, XTX staff are subject to the following policies, which XTX consider relevant to the detection and prevention of modern slavery in its business and supply chains:

- Outsourcing Policy;
• Anti-Money Laundering and Counter Terrorism Financing Policy;
• Compliance Manual;
• Anti-bribery and Anti-corruption Policy; and
• Whistleblowing Policy.

On-going assessment

XTX will continue to assess the risk of modern slavery in its business and supply chains as its business continues to expand. Where necessary, XTX will revise its approach to combating practices of modern slavery in its business or supply chain. In assessing XTX’s anti-modern slavery practices, XTX will consider:

• How effectively XTX’s risk based approach to combatting modern slavery continues to be an appropriate method for identifying the key risks;
• Whether the on-boarding process, information requests and on-going monitoring of suppliers reduces the likelihood of suppliers engaging in modern slavery; and
• How XTX senior management respond to any reported or suspected instances of modern slavery in XTX’s business or supply chain.
https://www.xtxmarkets.com/modern-slavery/
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