Creating the world's largest interdealer broker

Annual Report and Accounts 2016

Introduction

TP ICAP is a global brokerage and information firm that plays a central role at the heart of the world's wholesale financial, energy and commodities markets.

> Our brokers match buyers and sellers of financial, energy and commodities products and facilitate price discovery

> We provide independent data to participants in the financial, energy and commodities markets, including live and historical pricing content, and advanced valuation and risk analytics

> We are a trusted partner to our clients, enabling them to transact with confidence

> We facilitate the flow of capital and commodities around the world, enhancing investment and contributing to economic growth

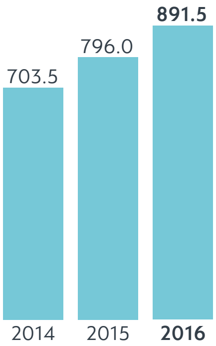
Strategic report

Governance report

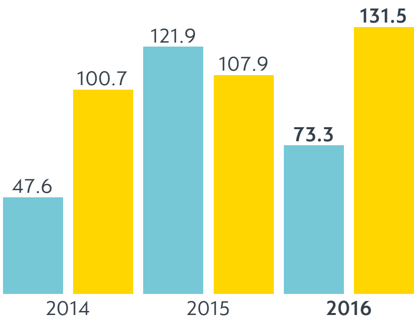
Financial statements

Highlights[1]

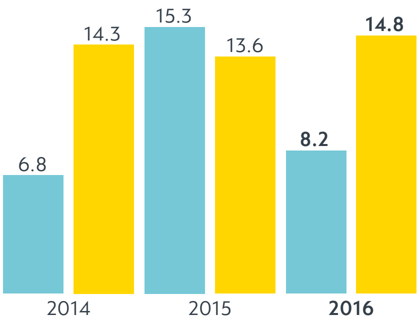
Revenue
(£m)



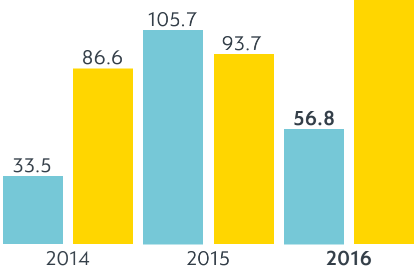
Operating profit
(£m)



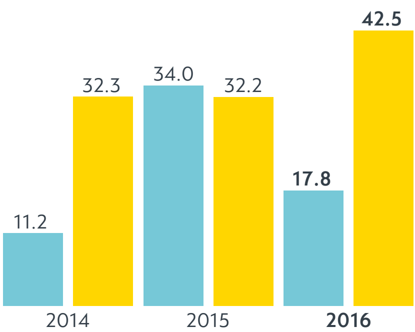
Operating margin
(%)



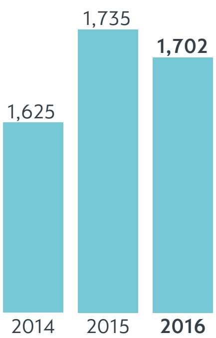
Profit before tax
(£m)



Basic earnings per share
(p)



Average broker headcount



Reported[2] Underlying[3]

Strategic and operational highlights

Strategic developments

- Completion of acquisition of ICAP's Global Broking and Information Business ('ICAP')
- Planning and commencement of the integration
- Strategic reorganisation into new global product areas complete
- Energy & Commodities revenues 28% of Group total

Operational summary

- Introduction of new rigorous approach to client relationship management
- New product launches in our Data & Analytics business
- Ongoing focus on conduct and culture in all that we do

Dividend

- Second interim dividend of 11.25p declared 9 December 2016 and paid 13 January 2017. Accordingly, no final dividend to be declared for 2016. Total dividends declared and paid for 2016 – 16.85p. (2015: 16.85p)

Key to our strategy

To help you see where our activities are in line with our strategy, look for these icons:

- Hire brokers
- Energy & Commodities
- Broader client base
- Data & Analytics
- Investing in technology
- Client relationship management
- Acquisitions
- Investment framework
- HR
- Brand

Notes:
1 These highlights relate to the performance of the Group prior to the acquisition of the ICAP Global Broking and Information Business, which completed on 30 December 2016. The performance of the acquired business is not reflected in the financial results for the year ended 31 December 2016.
2 Reported results represent the statutory results after acquisition, disposal and integration costs and exceptional items. Please refer to page 26 to 27 of the Financial Statements.
3 Underlying results represent the performance of the Group before acquisition, disposal and integration costs and exceptional items. Please refer to pages 26 to 27 of the Financial Statements.

Who we are

We are a global brokerage and information firm that plays a central role at the heart of the world's wholesale financial, energy and commodities markets.

Our business

TP ICAP provides broking professional intermediary services to match buyers and sellers of different financial, energy and commodities products. Our role is to create liquidity and price discovery in these markets and provide insight and context to our clients.

We operate a hybrid model, where brokers provide business-critical intelligence to clients, supplemented by proprietary screens that provide historical data, analytics and execution functionality.

We are the leading provider of proprietary over the counter ('OTC') pricing information in the world with a unique source of data on financial, energy and commodities products. Our market data is independent, unbiased and non-position influenced.

Our clients include banks, insurance companies, pension funds, asset managers, hedge funds, central banks, energy producers and refiners, risk and compliance managers and charities.

Our divisions

Global Broking
Our Global Broking division covers Rates, FX and Money Markets, Emerging Markets, Equities and Credit products and brings together buyers and sellers, providing them with a range of services and venues that enables them to execute trades efficiently and successfully.

Energy & Commodities
Our Energy & Commodities division operates markets in oil, gas, power, renewables, ferrous metals, base metals, precious metals, soft commodities and coal.

Institutional Services
Our Institutional Services division provides broking and execution services to a range of institutions such as asset managers, hedge funds and insurance companies.

Data & Analytics
Our Data & Analytics division provides unique data sets of OTC pricing products to enable clients to analyse, trade and risk manage their portfolios.

Corporate Services
Our Corporate Services division provides technology, compliance, risk, finance, HR and other essential services to our business divisions.

Following the acquisition of the ICAP Global Broking and Information Business, from January 2017, TP ICAP will report the performance of the divisions above. We have reported the performance for the year end 31 December 2016 on a regional basis in line with the management structure of the Group during 2016.

Where we operate

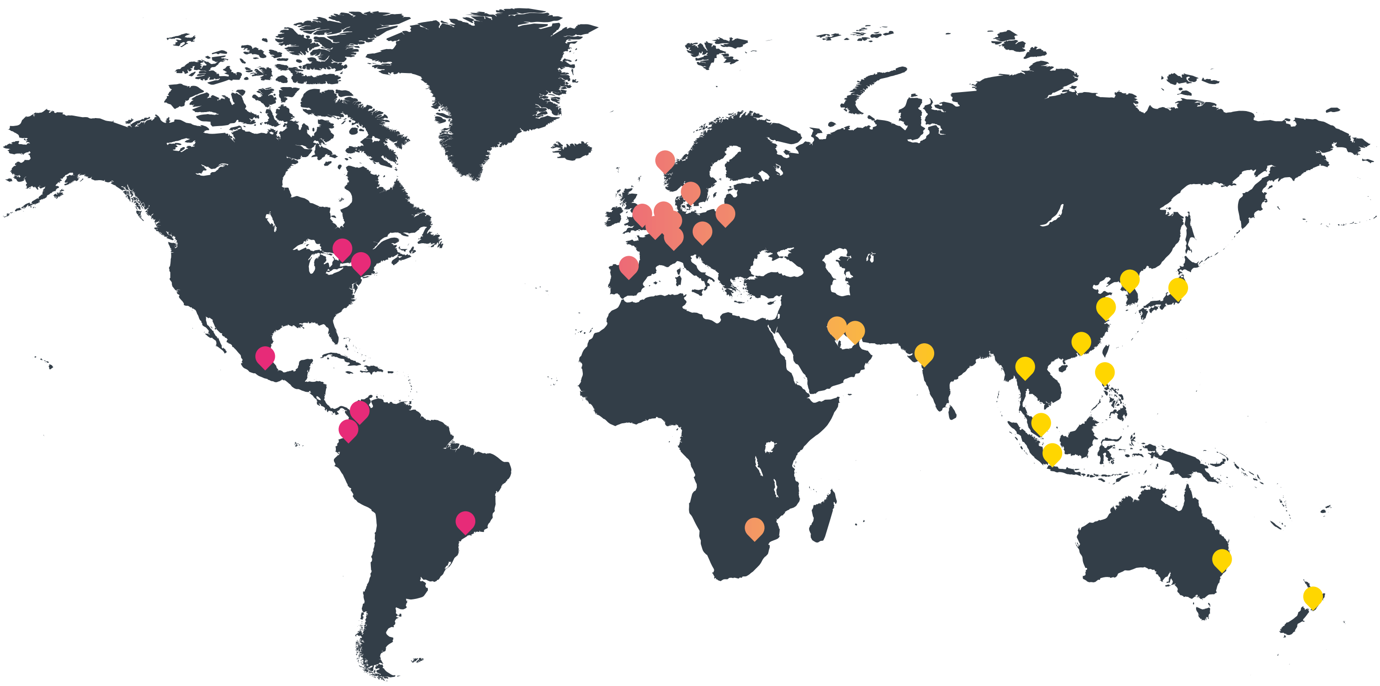
Americas
USA
Brazil
Canada
Colombia
Ecuador
Mexico

EMEA
UK
Austria
Bahrain
Denmark
Dubai
France
Germany
Luxembourg
Netherlands
Norway
Poland
South Africa
Spain
Switzerland

Asia Pacific
Singapore
Australia
China
Hong Kong
India
Indonesia
Japan
New Zealand
Philippines
South Korea
Thailand

73 locations

31 countries



Our transformation and the benefits it creates

Combining Tullett Prebon and ICAP creates value for all stakeholders.

On 30 December 2016 Tullett Prebon acquired ICAP to create the largest interdealer broker in the world. The deal combines the complementary strengths of two leading global hybrid voice broking franchises with a leading market position, and revenue diversity by region and product mix.

Rationale

The acquisition of ICAP is truly transformational for TP ICAP, for our shareholders, our clients and our employees. In creating the world's largest interdealer broker in wholesale markets, we have a platform from which to pursue our strategy and develop our services to our clients.

Unaudited Pro Forma Income Statement	2016 TP £m	2016 ICAP £m	2016 Pro forma £m
Revenue	**891.5**	**795.1**	**1,686.6**
Underlying operating profit	**131.5**	**108.0**	**239.5**
Underlying operating profit margin	*14.8%*	*13.6%*	*14.2%*
Finance income	5.3	3.0	8.3
Finance costs	(15.2)	(1.0)	(16.2)
Underlying profit before tax	**121.6**	**110.0**	**231.6**
Tax	(22.1)	(30.0)	(52.1)
Effective tax rate	*18%*	*27%*	*23%*
Share of JVs and associates less non-controlling interests	3.5	4.9	8.4
Net income	**103.0**	**84.9**	**187.9**
Exceptional items	(1.9)	–	(1.9)
Acquisition, disposal and integration costs	(57.9)	–	(57.9)
Earnings	43.2	84.9	128.1
Weighted average shares in issue	*242.3*	*310.3*	*552.6*
Underlying EPS	**42.5p**	**27.4p**	**34.0p**
Reported EPS	**17.8p**	**27.4p**	**23.2p**

The information included here represents what the income statement would have looked like had the transaction taken place on 1 January 2016. The unaudited pro forma Income Statement is compiled based on TP ICAP plc's 2016 audited financial statements discussed in this Annual Report together with financial data extracted from the books and records of ICAP over the 12 month period to December 2016.

The transaction has created an organisation with historical annual pro forma revenues of £1.7bn. Approximately 50% of the revenues are generated in the EMEA region, 36% from the Americas, and 14% from Asia Pacific.

The combined business has approximately 3,000 brokers.

Underlying operating profit in 2016 on a pro forma basis would have been £239.5m.

The pro forma 2016 underlying operating margin was 14.2%.

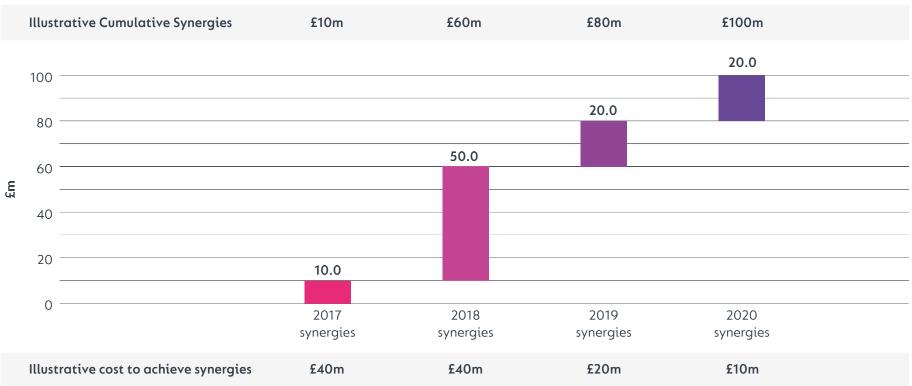
Integration

We have developed a comprehensive integration plan over the past year while we waited for regulatory approvals for the acquisition.

The integration's main focus is on our global support functions. We do not anticipate making any material changes to the front office as we know that our clients value the pools of liquidity that both our long established brands bring to the market.

The global support functions have provided back and middle office support to two broadly similar businesses. We are confident that we can bring these support functions together in a manner that provides an enhanced quality of service, more efficient systems, and at substantially reduced costs.

The integration work will take three years and the costs will be front-loaded, while the synergy savings will be recognised predominantly in 2018 and 2019 as illustrated below.



Unaudited pro forma revenue by region

(£m)

EMEA	£842m
Americas	£611m
Asia Pacific	£234m

Unaudited pro forma headcount by region

EMEA	2,392
Americas	1,780
Asia Pacific	1,138

Target of £80m of synergies and a further £20m from process optimisation

In our shareholder circular we indicated an expectation that we would achieve synergies of £60m. We have now had full access to data, processes and people and have validated assumptions previously made and the preliminary integration plans we had prepared.

We now believe that a reasonable target for the annualised synergies to be achieved by the end of the three year programme is £80m. We have a further ambition to realise an additional £20m of annualised synergies from process optimisation by the end of 2020. For synergy savings to be recognised in a year's results, the work must be completed in the previous period.

Our business model

We provide our clients with voice, hybrid and electronic execution services, and data products and analytics.

How we transact

Our business model
We provide our clients with voice, hybrid and electronic execution services, and data products and analytics.

How we create value
The Group's business model is primarily based on generating a return from providing an intermediation service to clients, enabling them to trade efficiently and effectively. This service can be provided without actively taking credit and market risk. As well as providing an intermediary service, we also have a data and analytics business that sells OTC pricing data that is generated from our broking activities.

Our business is structured along business division (see page 2) and regional lines, and is operated under competing brands as this provides our clients with different sources of liquidity.

The intermediary service we provide is across a wide range of financial and commodity products, which are traded in numerous markets and geographies. These trades may be bespoke in nature, complex and of high nominal value so the access our brokers have to the largest pools of liquidity provides us with a competitive advantage. Our brokers' relationships with market participants, together with the operations and infrastructure they are provided with, are key determinants of the ongoing success of the Group and a key source of value.

Name Passing
Around 76% of the Group's broking revenue is derived from Name Passing activities, where the Group identifies and introduces a buyer and seller who wish to transact but is not a counterparty to the trade itself, and where its exposure to a client is limited to outstanding invoices for commission.

Almost all of the Group's activities in derivatives, such as forward FX, FX options, interest rate swaps, interest rate options, credit derivatives, and the vast majority of the Energy & Commodities business are transacted under the Name Passing model.

Matched Principal
Around 19% of the Group's broking revenue is derived from Matched Principal activities, where the Group is the counterparty to both the buyer and the seller of a matching trade.

The vast majority of the Group's activities conducted under the Matched Principal model are in government and agency bonds, municipal bonds, mortgage backed securities, and corporate bonds. The Group bears the risk of counterparty default during the period between execution and settlement of the trade.

Executing Broker
Around 5% of the Group's broking revenue is derived from operating as an Executing Broker, where the Group executes transactions on certain regulated exchanges as per client orders, and then 'gives-up' the trade to the relevant client (or its clearing member). The majority of the Group's revenue generated under the Executing Broker model relates to listed equity derivatives and listed interest rate futures and options on futures to the relevant client (or its clearing member).

The majority of the Group's revenue generated under the Executing Broker model relates to listed equity derivatives and listed interest rate futures and options on futures.

Our people
Our people include skilled and specialist brokers and data experts who have extensive product and industry experience and deep and trusted relationships with clients.

Our front office people work in close partnership with our technology developers who are experienced at developing applications, software and electronic platforms that are tailored to the needs of the markets in which we focus.

Our businesses are supported by our finance, operations, risk, compliance, legal, HR and facilities functions.

We pride ourselves on our dynamic, professional, ambitious and collaborative approach to how we work. Our values of Honesty, Integrity, Respect and Excellence underpin our corporate culture and guide how we behave every day and how we serve clients.

Our brands

We operate a portfolio of highly respected brands, each with a separate and distinct client offering.

Our strategy

The Group's strategy is to continue to develop its business in the wholesale financial, energy and commodities markets to deliver superior performance, underpinned by strong financial discipline.

In 2015 Tullett Prebon presented its strategy for the Group entitled 'the ten arrows'. This strategy, which is summarised below, identified those actions and products, regions, clients and technologies that in management's view offered the most attractive prospect for the Company going forward. The initiative targets maximising these opportunities and remains as valid today as when we established it, so we have adopted the ten arrows strategy for the combined TP ICAP group. This page summarises the ten high level initiatives.

Key to our strategy
To help you see where our activities are in line with our strategy, look for these icons.

- Hire brokers
- Energy & Commodities
- Broader client base
- Data & Analytics
- Investing in technology
- Client relationship management
- Acquisitions
- Investment framework
- HR
- Brand

Our strategy

The Group will build revenue in the most attractive areas of the markets through:

- Seeking to add brokers to maintain and grow presence in those products with high market attractiveness where the business has a high ability to compete, and where its presence can be developed;
- Seeking to continue to build the business's activities in energy and commodities products;
- Extending the business's broking offering to service clients where the market is receptive to a broadening of the client base; and
- Continuing to develop Data & Analytics where the product suite and delivery channels can be expanded.

The Group will improve the functions that support the revenue generating divisions through:

- Investing in technology and realigning the mix between owned and outsourced platforms to maximise the business's intellectual property to ensure that the business has the technology capabilities that customers seek;
- Investing in client relationship management to bring focus and discipline to how the business targets and covers clients, to seek to broaden and institutionalise relationships;
- Developing the business's capability to source, execute and integrate acquisitions;
- Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created;
- Developing the HR function and processes to hire and train employees and to manage compensation appropriately to encourage good long term behaviours; and
- Seeking to improve the business's brand awareness and coverage.

What we did

During 2016 we took actions to develop our business as a leader in wholesale OTC markets in broking and information services through:

> completing the acquisition of ICAP on 30 December 2016. This was achieved by issuing 310m shares valued at £1,283m to the ultimate shareholders of NEX Group plc. Prior to completion, clearances were obtained from competition authorities and regulators responsible for supervising the markets in which we operate.

In addition we created further shareholder value by:

> adding senior expertise in broking alternative assets.
> extending our PVM brand into a multi-commodity options offering with the creation of a new desk in London covering gas, coal, emissions and power options.
> entering into a partnership with a specialist listed futures and options broker, Coex, adding more than 20 brokers in London, Paris and New York, who serves a diverse client base.
> pioneering the execution and processing of swap execution facility ('SEF') trades for clearing at the Japan Securities Clearing Corporation, demonstrating our ability to adapt to a changing regulatory landscape and offer clients solutions globally.
> entering into an agreement with a provider of smart commodity data management software licences to redistribute our real-time energy market data including European power, European gas, fuel oil, middle distillates, biofuels, international coal and global oil.
> setting up a joint venture to develop a new institutional all-to-all real estate trading portal for the issuance and secondary trading of indirect real estate instruments.
> acquiring a long term licence for a trading technology which we are developing in-house to provide proprietary, bespoke capabilities, in key customer facing technologies.
> increasing our capabilities and expanding our team in client relationship management, and launching a more structured and systematic approach to building contacts at many levels of our clients.
> launching our new careers page on our Company website and on LinkedIn.

What we are going to do

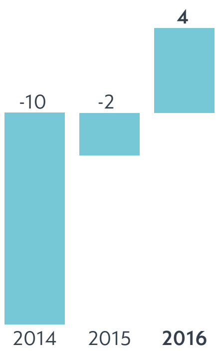
In the coming year, we will continue to add to our brokerage footprint, expand and improve the tools that we provide our brokers, and enhance our Corporate Services through:

> integrating the Corporate Functions to build a lean, scalable and efficient operating model.
> reviewing our broking capability footprint in TP ICAP and hiring selectively to add to our roster of products and expertise.
> proactively engaging with our clients to understand clearly where there is potential for us to serve them more comprehensively, gathering their feedback more systematically and frequently.
> enhancing some of our electronic platforms to provide better straight through processing, and a more intuitive user experience.
> expanding our suite of proprietary analytics to give our brokers and clients a faster, more accurate and sophisticated service.
> providing data and analytics services and products that meet client needs as the regulatory and business environment changes with the introduction of new rules governing bank capital, valuation and risk mitigation.
> using our technology to provide clients with easier ways to manage large flows of market information to enable them to increase their efficiency in selecting and executing trades.

Key performance indicators
Measuring our strategic progress

Financial

Revenue growth (at constant exchange rates)
(%)



Link to our strategy

KPI definition
Revenue growth is defined as growth in total revenues excluding the impact of foreign exchange (at constant exchange rates, see page 20 for a reconciliation to reported revenue).

Comment
Revenue growth reflects not only the market conditions we operate in but also our ability to further diversify and strengthen our franchise. Revenue growth in the past has been driven not only by volatility and market conditions but also by targeted acquisitions.

2016 was a good year for revenue growth as the Group benefitted from increased market volatility as well as expectations around future interest rate rises in the USA.

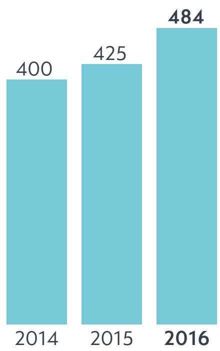
Underlying operating profit margin
(%)

KPI definition
Underlying operating profit margin is calculated by dividing underlying operating profit by revenue for the period.

Comment
Underlying operating margin is a measure of the profitability of the business and is principally driven by revenue, broker compensation and other administrative expenses.

The underlying operating margin in 2016 has benefited from an improvement in the contribution margin offset by an increase in management and support costs as the Group invests in developing its capabilities.

Average revenue per broker[1]
(£000s)



KPI definition
Average revenue per broker is calculated by dividing revenue by the average number of brokers employed during the period.

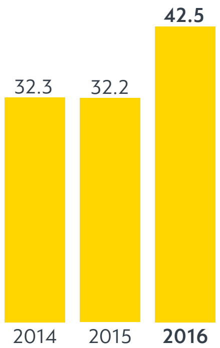
Comment
The average revenue per broker is an indication of the level of market activity as well as the productivity and efficiency of the broking business.

Average revenue per broker in 2016 benefitted from increased trading activity, particularly in our Energy & Commodities business, as well as a reduction in the number of brokers through our cost improvement programmes.

Note:
1 Includes impact of acquisition of PVM in 2014, and excludes broker headcount relating to ICAP.

Underlying earnings per share ('EPS')

(p)



KPI definition

Underlying earnings per share is calculated by dividing the underlying profit after tax by the basic weighted average shares in issue.

Comment

Over the long term, growth in shareholder value and returns is linked to growth in underlying EPS, which measures the underlying profitability of the Group after tax and interest costs.

The growth in underlying EPS in 2016 reflects the improved underlying profitability of the Group.

Non-financial

Ratio of front office to support function employees[1,2]

(%)

KPI definition

Ratio of front office to support function employees is calculated by dividing the number of front office revenue generating employees by the number of support function employees.

Comment

The ratio of front office employees to back office employees measures the efficiency of our business model.

The ratio decline in recent years reflects the reduction in broker headcount through our cost improvement programmes, and the increased back office headcount through continued investment in legal, compliance and risk management functions, to preserve the integrity of risk and control in response to increasing regulatory demands.

Key to our strategy

To help you see where our activities are in line with our strategy, look for these icons.

- Hire brokers
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- Client relationship management
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- Investment framework
- HR
- Brand

Note:
2 Excludes impact of the acquisition of PVM in 2014 numbers.

Chairman's statement

"During 2016 we received approvals from competition authorities and regulatory authorities, and consents from shareholders and various other parties. We completed the transaction on 30 December 2016 and we have renamed the company TP ICAP plc."

Rupert Robson
Chairman

I am pleased to report that the Group made strong progress in 2016. Against a backdrop of challenging but improving market conditions, we have grown sales, increased profit and generated a strong cash flow.

Good progress has been seen on all the important strands of the strategic initiatives, 'the ten arrows', which we launched in 2015 and continued to implement during 2016. Our focus on client service and innovation has been at the forefront of this success.

As I noted in my report last year, in November 2015 we announced that the Company had agreed terms with ICAP plc for Tullett Prebon to acquire ICAP's Global Broking and Information Business. During 2016 we received approvals from competition authorities and regulatory authorities, and consents from the shareholders of both companies and various other parties. We completed the transaction (the 'Acquisition') on 30 December 2016 and we have renamed the company TP ICAP plc.

Trading and dividend

Revenue of £892m in 2016 was 12% higher than in 2015 as reported (4% higher at constant exchange rates) with underlying operating profit increasing by 22% to £132m[1]. Our performance reflected particularly strong underlying revenue growth in our Energy & Commodities and Information and Risk Management Services businesses. The underlying operating profit margin in 2016 of 14.8% is 1.2% points higher than in 2015 reflecting the investments being made in the business, and strong cost control. Reported earnings per share were 17.8p and reflect the one-off fees and expenses of the Acquisition. Underlying earnings per share for 2016 of 42.5p are 10.3p higher than for 2015.

The Board declared a first interim dividend of 5.6p per share paid on 14 November 2016 and a second interim dividend of 11.25p per share paid on 13 January 2017 (with a record date of 23 December 2016, before the completion of the Acquisition of ICAP). The Board is accordingly not recommending a final dividend and so, as advised in our interim announcement on 3 August 2016, the shareholders up to the date of completion of the Acquisition have received dividends of 16.85p per share for 2016 (2015: 16.85p). The Board expects to declare its next interim dividend payable in November 2017 when the 2017 interim announcement is made in August.

Board and governance

Your Board is committed to high standards of corporate governance and to instilling the right culture, behaviours and approach to how we do business.

In 2016, our external board evaluation concluded that we operated effectively but that certain adjustments might usefully be made in order to optimise our performance in light of the increased size and complexity of the Group following the Acquisition. In that regard, we will be adding two new non-executive directors during 2017, to be drawn from North America and Asia respectively, reflecting the Group's substantially increased footprint in those markets.

We have continued to engage actively with our shareholders during 2016, particularly as we progressed the Acquisition. We have established a useful and constructive dialogue to ensure that the Board stays abreast of the development of shareholder views on governance, remuneration, and other key issues.

We have included greater detail on our corporate governance in that section of the Annual Report, which can be found on pages 42 to 81.

Outlook

Revenue in the first two months of 2017, on a pro forma basis (including the prior period results of ICAP), was in line with the same period last year at constant exchange rates, and 11% higher as reported.

Although our primary focus in 2017 is the delivery of the synergies of the combination of Tullett Prebon and ICAP, we will continue to look for other opportunities to deliver our objectives to build revenue and raise the quality and quantity of earnings.

Rupert Robson
Chairman
14 March 2017

Note:
1 Reported operating profit was £73m, down 40% from £122m, largely as a result of integration costs relating to the Acquisition in 2016, implementing the cost improvement programme in 2015, and a non-recurring credit relating to legal actions in 2015. A reconciliation of underlying operating profit to reported is given on pages 26 to 27.

Case study

Building a culture which motivates people to do the right thing

We recognise that the measure of our culture is not slogans on a website, but how our employees and clients feel that our actions, behaviours and mindset, are living up to the promise always to do the right thing.

Link to our strategy on page 8

We are instilling a culture that is rooted in our core values of Honesty, Integrity, Respect and Excellence, and which is dynamic, professional, ambitious and collaborative. We ensure all our employees know and understand the behaviour that is expected of them.

During 2016 we worked hard to communicate our Code of Conduct in a way that is engaging and easy to understand, using the simple format of ‘5 things that you need to know’. This was rolled out in November through leaflets, screensavers, posters and emails. This initiative was accompanied by training for our senior brokers which focused on practical examples of real-life situations and role play to illustrate important concepts.

It empowered them to act as leaders, able to cascade our culture and values to all levels of the organisation.

Chief Executive's review

"Tullett Prebon entered 2017 as TP ICAP, a better, stronger and greater company, and the biggest interdealer broker in the world. We are ready to embrace the opportunities ahead with confidence and optimism."

John Phizackerley
Chief Executive

"During 2016 we improved our client service and operational excellence."

This year has been a busy and eventful one for us and I am pleased to report progress on many fronts. Tullett Prebon entered 2017 as TP ICAP, a better, stronger and greater company and the biggest interdealer broker in the world. We are ready to embrace the opportunities ahead with confidence and optimism.

Financial performance

While 2016 was dominated by the successful closing of the acquisition of ICAP, the second half of the year also witnessed an improved performance in our heritage businesses, in particular interest rates, credit and FX which have been subdued for some time. In addition, Energy & Commodities, Equities and Information Sales recorded strong year on year revenue growth.

These factors were reflected in the Group's underlying financial performance. Our revenue in 2016 was £892m, on a constant currency basis, an increase of 4% (12% on a reported basis) compared with 2015.

We achieved underlying operating profit of £132m, an increase of 22% and underlying earnings of £103m, an increase of 31%. Reported operating profit of £73m was 40% lower than in 2015 (which included the net settlement of £64m from BGC), and reported operating margin of 8.2% is 7.1% points lower than in 2015 (see page 27).

We have continued to make progress on our strategic goal to diversify our sources of revenue. More than a quarter of our total revenues now comes from our Energy & Commodities business reflecting investments we have made in this division, which include our successful acquisitions of PVM and MOAB.

Our geographic mix of revenue is also changing with the Americas now contributing over 30% of our total, as we reap the benefits of rebuilding that business over the last five years.

In the future, we expect to benefit further from economies of scale inherent in the combination with ICAP.

Operating model

TP ICAP will operate the Tullett Prebon and ICAP brands separately. The Global Executive Committee ('GEC') of TP ICAP is made up of senior professionals from both Tullett Prebon and ICAP. From 1 January 2017 the Group now operates across four global business lines (Global Broking, Energy & Commodities, Data & Analytics, and Institutional Services) in a matrix with regional management. The TP ICAP Corporate Services division will provide a single, efficient, technology centric support function for the Group.

During 2016 we improved our client service and operational excellence.

We use a sales management tool, which has improved the visibility and management of our client interaction. We expect it will grow revenues in existing accounts and drive new revenues from additional ones.

In August we announced the establishment of a new technology nearshore centre in Belfast, Northern Ireland which will play a pivotal role in the delivery of our global technology strategy. By the end of 2019, we intend to have at least 300 employees at this site.

The security of our information and technology infrastructure is crucial for maintaining our applications and protecting our customers and brands. During 2016 we reviewed and assessed our resilience to and ability to recover from cyber attacks. We strengthened our ability to prevent, detect and respond to this threat by enhancing our governance and control frameworks so that they are now an integral part of our systems and processes. While we can never guarantee that we are immune from such threats, we will continue to examine, invest in and strengthen our defences.

We have started a programme of smarter procurement which will rationalise our panel of suppliers. This programme will continue during 2017, and will be extended across the supplier base we have inherited with ICAP.

New hires, acquisitions and partnerships

We recruited a high quality team of 14 specialist brokers in the USA who are leaders in Credit Default Swaps ('CDS'). They use our tpCreditdeal platform to provide an enriched and truly hybrid offering for our clients.

We entered into a partnership with a specialist listed futures and options broker, Coex, which has a varied and diverse client base, and an offering which is based on creative trading idea generation.

We acquired a long term licence for a hybrid trading technology which we renamed Nova. It will enable us to develop in-house proprietary, bespoke capabilities, and will allow us to build venue functionality which meets the requirements of MiFID II regulations which are timetabled to come into force in January 2018.

In October we signed an agreement with Brave New Coin to distribute digital currency data, which gives our customers transparency on intraday pricing from more than 50 digital currencies – including Bitcoin, Ethereum and Ripple.

In November 2016 we partnered with Quarternion Risk Management, a leading risk analytics firm, to launch an innovative open source risk project in collaboration with Columbia University.

Chief Executive's review
continued

Culture and conduct

At TP ICAP, we are fully aware that the markets that we intermediate are in the real economy. We are active across a broad range of products, and we believe that what we do and how we do it matters profoundly to market integrity and the wider population. We take that responsibility seriously and it underpins our culture and how we conduct ourselves as a firm and as individuals.

In 2016 we continued to drive home our key message on conduct and culture and continued to train our employees about our standards and required behaviours.

New talent recruitment

Hiring the next generation of employees is a key 'ten arrows' objective (see page 8).

We made material progress during 2016 on our objective to recruit, train and develop new talent. We successfully launched our early talent recruitment drive in September 2016 and received 2,000 applications within two weeks. We have hired more than 45 employees on this programme so far.

People

We continue to invest in the development of the Group's employees. We now have a group-wide programme of learning and training to ensure our employees are equipped with the appropriate skills.

As part of the drive to engage with employees, understand their needs, and ultimately improve performance, we conducted our first employee Pulse engagement survey, covering a broad range of subjects. We were delighted that more than 67% responded and provided valuable feedback on how they perceive the Group and where we can improve.

Brexit

The announcement of the result of the Brexit referendum that took place on 23 June caused a period of heightened activity and instils market uncertainty between the triggering of Article 50 and the final state of the UK negotiation with the EU. There are material implications for financial markets between the so called 'soft' or 'hard' Brexit outcomes.

In the future, we will likely manage more client relationships from within the Eurozone, where we already have a network of offices in Paris, Frankfurt, Madrid and in other locations.

We have a strategic planning workstream which examines the various Brexit scenarios and how we might want to adapt our business accordingly.

Awards

We were delighted to win a number of awards during 2016, including taking first place in five out of seven categories from Global Capital: Interdealer Broker of the Year, Interest Derivatives Broker of the Year, Swap Execution Facility of the Year, Data and Analytics Vendor of the Year, and FX Broker of the Year. These awards are an endorsement of the strength of our offering and testament to our commitment to excellent client service.

Acquisition of ICAP's Global Broking and Information Business

Much time and energy was invested in finalising the acquisition of ICAP which we signed in November 2015. We obtained all the necessary approvals and closed the transaction on 30 December 2016.

Between signing and completion we carried out extensive integration planning across all functions of the Group, so that we have a detailed route-map which we are now implementing, extracting the considerable benefits of the combination. I have been impressed by the quality of ICAP employees and their leadership team now that we are TP ICAP colleagues. In addition the business is delivering on the breadth and scale we envisaged during the due diligence process.

Rebranding as TP ICAP

On completion of our acquisition of ICAP we launched a rebranding of our Group as TP ICAP plc, reflecting the strength of our respective heritages.

Regulatory changes

During 2017, we will prepare for the forthcoming market structure reforms being implemented as a result of MiFID II. They will have a fundamental impact on trading in OTC markets in the EU, requiring the multilateral trading of OTC financial instruments to be effected on a multilateral trading facility (MTF) or an organised trading facility (OTF), the latter being a new type of trading venue covering voice and hybrid broking. As a result of our position in these markets we aspire to be a leader in the operation of a range of OTF and MTF venues and provision of broking services throughout the EU in the new regulatory regime.

Looking ahead

We achieved a great deal in 2016 and I am confident that our progress to date will help us deliver our long-term goals. We are now in a position to capitalise on these achievements and pursue our strategy for growth as the larger TP ICAP Group.

Political and economic uncertainty is likely to persist during 2017 as the debate continues on the shape the UK's exit from the EU and because national elections take place in a number of countries on the Continent. Tensions in Russia, China and North Korea could add to a heightened sense of uncertainty compared with the recent political order. In the USA there is potential for regulatory reform that could impact markets. However, with a clear strategy and sustained focus on operational excellence, I am confident that TP ICAP will continue to be resilient and successful. A lot of our upside is in our hands.

The re-emergence of the yield curve and returning market volatility contributed to improved market conditions. Should such factors persist there is cause for optimism that market conditions for interdealer brokers such as TP ICAP will continue to improve.

Our employees work in fast-moving environments and provide diverse and complex services to a demanding and sophisticated client base. The results we have delivered are a testament to the quality, dedication and creativity of our people.

I would like to take this opportunity to thank my colleagues across the TP ICAP Group for their positive approach and their service to our clients. I am extremely grateful for their hard work and continuing commitment.

John Phizackerley
Chief Executive
14 March 2017

Case study

Strategic acquisitions

The successful acquisition of PVM established Tullett Prebon as a leading oil broker, and immediately added a large and diverse customer base.

Link to our strategy on page 8

In November 2014, we completed the acquisition of PVM, a leading independent oil brokerage firm, along with its subsidiaries. The transaction added 33 new broking desks to the Group, as well as significantly increasing our coverage of oil products in Asia and the USA markets. Adding 350 brokerage customers, the deal increased the diversity of the Group's revenue and client base. Alongside PVM's main broking activities in crude oil and petroleum products, the acquisition also brought a global oil futures business, Singapore distillates and Urals to the Group.

The deal also enabled Tullett Prebon Information ('TPI') to expand its data offering to a broader set of customers, expanding its suite of energy products to deepen its global crude, refined and middle distillates coverage.

Business and operating review

"Total revenue of £892m in 2016 was 12% higher than in 2015 as reported (4% higher at constant exchange rates)."

Andrew Baddeley
Chief Financial Officer

"Increases in interest rates, together with other market events, including Brexit and the US presidential election, drove a pick up in activity in the last quarter of 2016."

The Group generates broking revenue from commissions it earns by intermediating and executing customer orders. The level of revenue depends substantially on customer trading volumes, which are affected by the conditions in the financial markets, by customers' risk appetite, and by their willingness and ability to trade.

The level of activity in the wholesale OTC financial markets during much of 2016 continued to be under pressure from the cyclical and structural factors affecting the interdealer broker industry. Volatility, and the steepness and absolute level of yield curves, are key drivers of activity in the financial markets. Measures of financial market volatility were broadly similar during 2016 to the prior year, and volatility and trading volumes in many product areas continued to be sporadic. Interest rates for many of the major currencies fell further during 2016, although with little change in the shape of yield curves, we have not seen much change in the spread between short and longer term rates. However, the increase in interest rates in the United States towards the end of the year, together with other market events, including the Brexit referendum and the US presidential election, in November, drove a pick-up in activity in the last quarter.

The broking business's performance in 2016 continued to benefit from the recent investments made in the Energy sector, with activity in the energy and commodities markets, particularly in oil and oil-related financial products, which remain buoyant, reflecting the changes and volatility in oil prices throughout the year.

The Information Sales and Risk Management Services ('RMS') businesses also performed strongly. The Information Sales business benefited from the continued expansion of its client base and geographical presence, the enhancement of its sales capability and the extension of the data content it provides to customers, particularly from its expanded high quality Energy & Commodities data sets.

Total revenue of £892m in 2016 was 12% higher than in 2015 as reported (4% higher at constant exchange rates), with underlying operating profit increasing by 22% to £132m.

Financial and performance measures

	2016	2015[1 2]	Change
Broking revenue	**£823.3m**	£742.0m	+3%
Information Sales/RMS revenue	**£68.2m**	£54.0m	+22%
Total revenue	**£891.5m**	£796.0m	+4%
Underlying operating profit	**£131.5m**	£107.9m	+22%
Underlying operating profit margin	**14.8%**	13.6%	+1.2% pts
Reported operating profit	**£73.3m**	£121.9m	-40%
Reported operating profit margin	**8.2%**	15.3%	-7.1% pts
Average broker headcount	**1,702**	1,735	-2%
Average revenue per broker (£000)	**484**	461	+5%
Broker compensation costs: broking revenue	**53.2%**	54.6%	-1.4% pts
Period end broker headcount (excluding ICAP)			
– at June	**1,707**	1,739	-2%
– at December	**1,672**	1,716	-3%
– at December (including ICAP)	**2,981**	1,716	+74%
Period end broking support headcount (excluding ICAP)	**849**	811	+5%
Period end broking support headcount (including ICAP)	**2,083**	811	+157%

Notes:
1 At constant exchange rates.
2 2015 comparative data that relates to headcount and headcount derived metrics has been restated to ensure consistency with the current period.

The underlying operating profit margin in 2016 of 14.8% is 1.2% points higher than in 2015, reflecting the full year effect of the investments and cost improvements being made in the business. Underlying earnings per share for 2016 of 42.5p are 10.3p higher than for 2015.

Reported operating profit of £73.3m was 40% lower than in 2015 (which included the net settlement of £64.4m from BGC), and reported operating margin of 8.2% is 7.1% points lower than in 2015. Reported operating profit is after exceptional and acquisition related items, and is described on page 27.

Broker headcount, which had decreased to 1,716 at December 2015, as a result of actions taken under the cost improvement programme in Europe and North America, continued to decrease in the first half of 2016, to 1,707 as the cost improvement programme was finalised. Broker headcount, excluding the impact of ICAP, reduced further in the second half of the year to 1,672.

Average broker headcount during 2016 was 2% lower than during the previous year, with a 5% increase in average revenue per broker, resulting in the 3% increase in broking revenue.

The year end broking support headcount, excluding the impact of ICAP, of 849 was 5% higher than at the end of 2015, reflecting the continued strengthening of the control and support functions, with additional headcount in customer relationship management, risk, HR, and legal and compliance.

The acquisition of ICAP has increased broker headcount to 2,981, and the broking support headcount to 2,083 at December 2016.

Business and operating review
continued

Revenue
The following tables analyse revenue by region and by product group, and underlying operating profit by region, for 2016 compared with 2015. The analysis excludes information relating to ICAP, and the product groups reflect the way the business was managed during the year. The new business divisions that we will report against in 2017 are outlined on page 2.

A significant portion of the Group's activity is conducted outside the UK and the reported revenue is therefore affected by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The tables therefore show revenue for 2015 translated at the same exchange rates as those used for 2016, with growth rates calculated on the same basis. The revenue figures as reported for 2016 are shown in Note 4 to the Consolidated Financial Statements.

The commentary below reflects the presentation in the tables.

Revenue by product group

	2016 £m	2015 £m	Change
Energy & Commodities	**245.3**	221.9	+11%
Interest Rate Derivatives	**143.6**	144.1	+0%
Fixed Income	**183.0**	184.8	-1%
Treasury Products	**194.1**	198.6	-2%
Equities	**57.3**	50.4	+14%
Information Sales and RMS	**68.2**	56.1	+22%
At constant exchange rates	**891.5**	855.9	+4%
Exchange translation		(59.9)	
Reported	**891.5**	796.0	+12%

Revenue in 2016 was 4% higher than in 2015. The continuing benefit from our investment in Energy & Commodities, together with further growth in Equities and in Information Sales and RMS, has been partly offset by lower volumes in our heritage interdealer broker product groups of Treasury Products (FX and cash), Interest Rate Derivatives and Fixed Income which improved towards the end of the year.

Revenue from Energy & Commodities was 11% higher than the prior year, reflecting the inclusion for a full year of MOAB, the higher levels of activity in the oil markets generally, and the development of our activities in this sector in all three regions. Energy continues to be the business's largest product group with more than 25% of the total revenue.

Revenue from Interest Rate Derivatives products (swaps and options) was in line with 2015, with lower overall levels of activity in EMEA offset by stronger performance in the Americas, particularly in the second half of the year reflecting expectation of further movement in USD interest rates.

The 1% decline in revenue from Fixed Income reflects the low liquidity and levels of activity across the government and corporate bond markets in EMEA and the Americas, although this was partly offset by higher revenue in North America following strategic hires in credit derivatives, and in Asia Pacific from hires in fixed income in Hong Kong.

Revenue from Treasury Products (FX and cash) was 2% lower than in 2015, with lower activity in the Americas and in Asia Pacific partly offset by a stronger performance in EMEA, particularly in forward FX and FX options.

Revenue in our Equities business, which was primarily focused on equity derivatives, was 14% higher than in 2015. The business has performed well in all three regions, where we have benefited from the higher levels of volatility in equity markets compared with a year ago.

Revenue from Information Sales and RMS was 22% higher than last year. The Information Sales business has benefited from the growing client demand for accurate, quality data due to increasing risk complexity, regulatory change and volatility. The business has increased revenue by adding new data content sets as well as through broadening its customer base. The investment in sales and marketing in the RMS business resulted in increased market share in USD and Asia Pacific currencies.

Case study

New talent recruitment

We are adding to our ranks of talented brokers, data specialists and support staff through a programme of hiring. Our talent academy runs an ability-based recruitment process that identifies the best candidates irrespective of educational background.

Link to our strategy on page 8

In 2016 we launched new careers on our website and on our LinkedIn site, and conducted a significant recruitment drive. We attracted more than 2,000 applications for our London Early Careers Programme. Candidates underwent two stages of ability-based screening and profiling, followed by an Audition Day, a final interview and a Q&A panel. We selected two groups: one to join our Global Broking business and the second to join our Energy & Commodities business.

All the Early Careers Programme hires attended a two week induction programme where they received tailored education on our business, products and services, and training in essential skills, before starting their rotations around the Group.

Business and operating review
continued

Revenue by region

	2016 £m	2015 £m	Change
EMEA	**480.9**	472.1	+2%
Americas	**279.6**	263.3	+6%
Asia Pacific	**131.0**	120.5	+9%
At constant exchange rates	**891.5**	855.9	+4%
Exchange translation		(59.9)	
Reported	**891.5**	796.0	+12%

EMEA
Revenue in EMEA (Europe Middle East and Africa) was 2% higher than last year.

While all areas benefited from better market conditions in the final quarter of the year, with increased volatility following the Brexit vote and the US presidential election, the broking business in the region continues to face difficult market conditions in many of our heritage product areas. Revenue in Interest Rate Derivatives and Fixed Income was lower than last year
overall, partly offset by growth in futures and options with the inclusion of revenue from our arrangement with Coex, and in forward FX and FX options where we saw good growth in our Mirexa business.

Revenue from Energy & Commodities was higher than in 2015, with revenue from oil and other commodities partly offset by lower revenue in power and gas products. Equities revenue continues to grow year on year, reflecting the higher volatility in equity markets and the benefit from investment in broadening the product coverage.

Average broker headcount in the region was 4% lower than last year, with average revenue per broker up 8%, primarily as a result of the cost improvement programme. Period-end broker headcount was 771.

Americas
Revenue in the Americas was 6% higher than last year.

The growth in revenue in the region was largely attributable to recent acquisitions made in the USA, including the full year benefit of MOAB as well as the addition of 14 credit derivative brokers in September 2016.

Additionally the region benefited from improved market activity following the Brexit vote and the US presidential election, and the expectation of further movement in interest rates provided heightened activity in our heritage products in the final quarter of the year.

Revenue from Interest Rate Derivatives and Equities was up 9% and 13% respectively following strategic hires, investment in new products and slightly more beneficial market conditions.

Fixed Income continued to see restricted volumes, especially in the government and corporate bonds businesses, which offset the improvement made in credit derivatives. Forward FX saw subdued volumes following increased regulatory pressure on its customer base, particularly in the second half of the year.

The Energy & Commodities business continues to be a strategic growth area in the region, with revenues 33% higher than last year. The Americas continue to add new products in both the physical and financial energy markets. Energy revenue represented over 18% of revenue in the Americas region in 2016 up from 15% in 2015.

Average broker headcount in the Americas was 2% lower than in 2015, with average revenue per broker 8% higher. Period-end broker headcount in the Americas was 525.

Asia Pacific
Revenue in Asia Pacific was 9% higher than last year, reflecting increased revenue from both the regional broking business and the RMS business which is operated from the region.

Broking revenue in the region has benefited from the growth in the investment made in our Fixed Income broking capability in corporate and sovereign bonds towards the end of 2015, and the continued growth in our Energy & Commodities broking activities which now accounts for around one fifth of the region's total broking revenue.

Activity in Treasury Products was lower overall than in the prior year reflecting a slowdown in client trading in FX options and deteriorating sentiment in offshore renminbi products, although the market picked up considerably in Forward Yen. Revenue from Interest Rate Derivatives was higher than last year reflecting improved market conditions for HK$ interest rate swaps during the year.

Average broker headcount in the region was 3% higher than in 2015 with average revenue per broker up 3%. Period-end broker headcount in Asia Pacific was 376.

Operating margin and cost management
The Group continues to manage its direct cost base to reflect market conditions. The cost improvement programme implemented towards the end of 2015 was completed during the first half of 2016. The objective of the programme was to preserve the variable nature of broking compensation and to reduce it as a percentage of broking revenue, as a response to the level of activity and revenue in traditional interdealer product areas falling during 2015. This ensures the business is well positioned to respond to less favourable market conditions and to maintain its operating margins. The £5.2m cost of the actions taken in 2016 has been charged as an exceptional item in the 2016 Consolidated Financial Statements.

Case study

Investing in technology

Establishing an IT centre of excellence in Belfast to support our global broking business is a strategic decision that will help us to enhance our technological capabilities.

Link to our strategy on page 8

In August 2016, we announced the establishment of a new technology centre in Northern Ireland. It will provide technical and development support for our global business, increasing our IT capability and capacity, and making us more agile and responsive to business and client needs.

The new centre will enable us to bring more of our development in-house, reduce our reliance on outside vendors and allow us to retain and control more of the valuable intellectual property we create.

Recruitment has started and we have already hired 24 managers, development specialists and administrative employees. When the Belfast centre is fully operational in 2019, we expect it to employ approximately 300 employees.

Business and operating review
continued

As a result of these actions, together with those taken in 2015, fixed broker employment costs in the traditional interdealer product areas in EMEA and in North America have been reduced in line with the decline in revenue in those areas. Total broker compensation costs as a percentage of broking revenue have fallen by 1.4% points to 53.2%, continuing the downward trend since 2012 when total broker compensation costs as a percentage of broking revenue were 59.8%. The reduction in the overall broker employment costs to revenue percentage in 2016 has been assisted by the improved efficiency of bonus pool arrangements, despite the continued change in mix of the business, with a higher proportion of revenue in Energy & Commodities where broker compensation costs as a percentage of revenue tend to be a little higher than average.

The overall contribution margin of the business, after broker employment costs and other front office direct and variable costs, was 1.6% points higher in 2016 than in the prior year, reflecting the reduction in the broker compensation to broking revenue percentage and the continuing growth in Information Sales and RMS which have a relatively low level of variable costs.

The Group has also continued to invest in developing its capabilities in managing new business and strategic initiatives and in strengthening the control and support functions in readiness for the integration of ICAP, and these have resulted in an increase in management and support costs and one-off project costs in the year. These investments are important for the business to retain its competitive advantage, to innovate, and to grow revenue and earnings.

Underlying operating profit

The revenue, underlying operating profit and operating profit margin by region shown below are as reported.

Revenue

	2016 £m	2015 £m	Change
EMEA	**480.9**	455.3	+6%
Americas	**279.6**	234.5	+19%
Asia Pacific	**131.0**	106.2	+23%
Reported	**891.5**	796.0	+12%

Underlying operating profit

	2016 £m	2015 £m	Change
EMEA	**97.7**	81.2	+20%
Americas	**18.2**	14.9	+22%
Asia Pacific	**15.6**	11.8	+32%
Reported	**131.5**	107.9	+22%

Underlying operating profit margin by region

	2016	2014
EMEA	**20.3%**	17.8%
Americas	**6.5%**	6.4%
Asia Pacific	**11.9%**	11.1%
Reported	**14.8%**	13.6%

EMEA

Underlying operating profit in EMEA of £97.7m was 20% higher than in the prior year, and with revenue up 6%, the underlying operating profit margin has increased by 2.5% points, to 20.3%. The actions taken under the cost improvement programme at the end of 2015 and in the first half of 2016 have resulted in a 4% reduction in fixed broker employment costs in the region compared with the prior year, and together with an increase in broking revenue total broker employment costs as a percentage of broking revenue have fallen by 1.5% points. The benefit of the resulting higher contribution margin has been offset by higher management and support costs due to the investments being made in strengthening and developing the business, and one-off costs relating to technology and regulatory projects.

Americas

In the Americas, the underlying operating profit margin of £18.2m is 22% higher than in 2015 and the underlying operating profit margin has improved by 0.1% points to 6.5%. The actions taken under the cost improvement programme have resulted in a 5% reduction in fixed broker employment costs in 2016 compared with 2015 (on a like for like basis), and total broker employment costs as a percentage of broking revenue have fallen by 1.9% points. The underlying operating profit has been adversely impacted by non-recurring costs incurred during the year, and as a result we expect to see some benefit in the operating profit in 2017.

Asia Pacific

Underlying operating profit in Asia Pacific has increased by 32% to £15.6m. Broker employment costs as a percentage of broking revenue are 0.8% points lower than in the prior year, which is the main reason for the improvement in the underlying operating profit margin.

Case study

Building Energy & Commodities

Our Energy & Commodities division includes oil, coal, power, gas, freight, base and precious metals, emissions and soft commodities. We can provide cross-asset class services to clients, and have coverage in all the main energy centres in the world, including London, New York, Houston and Singapore.

Link to our strategy on page 8

During 2016, we continued to integrate our acquisitions of PVM and MOAB, increasing their links with our other energy businesses to optimise the opportunities for cross-selling. We built on our enlarged presence through adding new broking capability in physical oil, power, natural gas and liquefied petroleum gas.

We also added capabilities in refined petroleum products and began incorporating new algorithmic trading strategies into our execution services for soft commodities and other products. We also expanded our suite of broking services for environmental products, including renewable energy, biofuel and carbon.

Financial review

The results for 2016 compared with those for 2015 are shown in the tables below.

2016

Income Statement	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Reported £m
Revenue	891.5			891.5
Underlying operating profit	131.5			131.5
Charge relating to cost improvement programme			(5.2)	(5.2)
Pension scheme settlement gain			3.6	3.6
ICAP acquisition costs		(16.8)		(16.8)
ICAP integration costs		(19.3)		(19.3)
Acquisition related share-based payment charge		(16.3)		(16.3)
Amortisation of intangible assets arising on consolidation		(1.4)		(1.4)
Other acquisition and disposal items		(2.8)		(2.8)
Operating profit	131.5	(56.6)	(1.6)	73.3
Net finance expense	(9.9)	(6.6)		(16.5)
Profit before tax	121.6	(63.2)	(1.6)	56.8
Tax	(22.1)	5.3	(0.3)	(17.1)
Share of net profit of associates and joint ventures	4.0			4.0
Non-controlling interests	(0.5)			(0.5)
Earnings	103.0	(57.9)	(1.9)	43.2
Average number of shares	242.3m			242.3m
Basic EPS	42.5p			17.8p

2015

Income Statement	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Reported £m
Revenue	796.0			796.0
Underlying operating profit	107.9			107.9
Credit relating to major legal actions			64.4	64.4
Charge relating to cost improvement programme			(25.7)	(25.7)
ICAP acquisition costs		(12.1)		(12.1)
Acquisition related share-based payment charge		(10.5)		(10.5)
Amortisation of intangible assets arising on consolidation		(1.2)		(1.2)
Other acquisition and disposal items		(0.9)		(0.9)
Operating profit	107.9	(24.7)	38.7	121.9
Net finance expense	(14.2)	(2.0)		(16.2)
Profit before tax	93.7	(26.7)	38.7	105.7
Tax	(17.5)	3.0	(10.5)	(25.0)
Share of net profit of associates	2.6			2.6
Non-controlling interests	(0.4)			(0.4)
Earnings	78.4	(23.7)	28.2	82.9
Average number of shares	243.6m			243.6m
Basic EPS	32.2p			34.0p

Exceptional and acquisition, disposal and integration items
The Group presents its Consolidated Income Statement in a columnar format to aid the understanding of its results by separately presenting its underlying profit before acquisition, disposal and integration costs and exceptional items (see Note 2(c) to the Consolidated Financial Statements). Underlying profit is reconciled to profit before tax on the face of the Consolidated Income Statement and is disclosed separately to give a clearer presentation of the Group's underlying trading results. Acquisition, disposal and integration costs are excluded from underlying results as they reflect the impact of acquisitions and disposals rather than underlying trading performance.

The £16.8m charge in 2016 relating to acquisition costs reflects the legal and professional costs incurred in relation to the acquisition of ICAP. Additional costs of £6.6m directly associated with the shares issued to acquire ICAP have been recorded directly in equity.

The £19.3m charge for integration costs related to the acquisition of ICAP includes professional fees and employee costs relating to planning, setting up and running the integration workstreams, costs incurred in the marketing and branding of TP ICAP and some severance costs.

As part of the acquisition of PVM in November 2014, the payment to each individual vendor of their share of up to US$48m of deferred consideration (which is subject to achieving revenue targets in the three years after completion) was linked to their continued service with the business, and is therefore amortised through the income statement over the relevant service period. The amortisation charge recognised in 2016 is £16.3m (2015: £10.5m).

The other acquisition and disposal items include a loss on the disposal of Unified Energy Services and costs relating to the acquisition of MOAB.

The charge for amortisation of intangible assets arising on acquisition recognised in 2016 is £1.4m (2015: £1.2m). £1.2m of this relates to intangible assets other than goodwill arising on the acquisition of PVM, reflecting the PVM brand and the value of customer relationships, that is being amortised through the income statement over the estimated useful lives of those assets, and £0.2m relating to MOAB. Amortisation of intangible assets arising on consolidation is excluded from underlying results to present the performance of the Group's acquired businesses consistently with its organically grown businesses where such intangible assets are not recognised.

The £5.2m exceptional charge in 2016 relating to the cost improvement programme is discussed previously. The £25.7m charge in 2015 relates to the cost improvement action taken in that year. The £3.6m pension scheme settlement gain reflects the difference between the assets used to settle liabilities relating to certain members of the pension scheme that transferred out during the year. The exceptional items in 2015 include the net £64.4m credit relating to the major legal actions with BGC. Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business. Whilst a charge for the cost improvement programme arose in each of 2016 and 2015, the programme was a discrete programme where the costs were recognised over a period of two years.

Financial review
continued

Net finance expense
The underlying net cash finance charge comprises: £9.3m interest payable on the outstanding Sterling Notes; £2.1m interest payable on the revolving credit facility that was drawn down to refinance the Sterling Notes that matured in July 2016; £1.8m commitment fees for the undrawn revolving credit facility; £1.2m of amortisation of debt issue and arrangement costs; and other net interest income of £1.6m.

The underlying net non-cash finance income comprises the deemed interest on the pension scheme net asset of £3.2m, partly offset by the unwinding of discounted liabilities and provisions.

An analysis of the net finance expense is shown in the table below.

	2016 £m	2015 £m
Receivable on cash balances	**2.1**	1.8
Payable on Sterling Notes July 2016	**(5.1)**	(9.9)
Payable on Sterling Notes June 2019	**(4.2)**	(4.2)
Interest payable on bank facilities	**(2.1)**	–
Commitment fees payable on bank facilities	**(1.8)**	(1.6)
Amortisation of debt issue and arrangement costs	**(1.2)**	(1.8)
Other interest	**(0.5)**	(0.4)
Net cash finance expense	**(12.8)**	(16.1)
Net non-cash finance income	**2.9**	1.9
Underlying net finance expense	**(9.9)**	(14.2)
Acquisition related finance expense	**(6.6)**	(2.0)

The acquisition related finance expense comprises: a £2.7m expense for the amortisation of arrangement costs relating to the £470m bank bridge facility the Company entered into in November 2015 to fund the repayment of the £330m of short term debt acquired with ICAP, and the refinancing of the £141.1m Notes that matured in July 2016. It also includes a £3.3m facility fee for the undrawn £470m bank bridge facility, that was incurred during the year in advance of the transaction completing. The delay in the completion of the ICAP acquisition also led to a £0.3m expense relating to the preparatory work undertaken for the issue of the bond originally planned to refinance the Notes, which was subsequently suspended as a result of the timing of the transaction. In addition we incurred a charge of £0.3m reflecting the unwinding of the discount on deferred consideration relating to the acquisitions of PVM.

Tax
The effective rate of tax on underlying Profit Before Tax ('PBT') is 18.2% (2015: 18.7%). The reduction in the effective rate primarily reflects an increase in US taxable profits that continue to be sheltered by unrecognised tax losses together with provision releases that relate to tax uncertainties that have been resolved. Excluding the benefit from the release of provisions and prior year adjustments, the effective rate of tax on underlying PBT would have been 19.3% (2015: 20.5%).

The tax charge on exceptional and acquisition related items reflects the net of tax charges and tax relief recognised on those items at the relevant rate for the jurisdiction in which the charges are borne. No tax has been recognised on the exceptional charges and credits arising in the US in either 2016 or 2015 due to the tax losses available in that jurisdiction.

The effective rate of tax on underlying Group PBT is expected to increase to around 26% from 2017 onwards. This is driven by the anticipated increase in the underlying taxable profits arising in the US as a result of the ICAP acquisition. In recent years the Group's US taxable profits have been relieved by tax losses.

Basic EPS
The average number of shares used for the basic EPS calculation of 242.3m reflects the 243.6m shares in issue at the beginning of the year, less the time apportioned element of the 1.7m shares acquired by the Employee Benefit Trust to satisfy deferred share awards made to senior management, less the 0.2m shares held throughout the year by the Employee Benefit Trust, which has waived its rights to dividends. The 310.3m shares issued to acquire ICAP at the end of December 2016 have a nil weighting when calculating the weighted average number of shares for 2016 because the shares were issued at the end of the year and none of the earnings related to the newly issued shares.

Cash flow

The cash flow below reconciles the movement from underlying operating profit to cash flow before debt repayments and analyses principal cash flows during the year.

The reported cash flow is shown on page 94 and further analysis is provided in Note 31 to the Consolidated Financial Statements.

	2016 £m	2015 £m
Underlying operating profit	**131.5**	107.9
Share–based compensation and other non–cash items	**4.5**	2.2
Depreciation and amortisation	**16.4**	15.0
Underlying EBITDA	**152.4**	125.1
Capital expenditure (net of disposals)	**(17.5)**	(13.9)
Increase in initial contract prepayment	**(0.4)**	(0.9)
Other working capital	**(5.0)**	13.6
Underlying operating cash flow	**129.5**	123.9
Exceptional items – cost improvement programme 2015	**(20.7)**	(3.7)
Exceptional items – cost improvement programme 2014	**(1.2)**	(5.3)
Exceptional items – restructuring 2011/2012	**(0.4)**	(0.3)
Exceptional items – major legal actions net cash flow	**–**	64.4
ICAP acquisition costs	**(11.0)**	(12.1)
ICAP integration costs	**(17.0)**	–
Other acquisition and disposal items	**(0.3)**	(0.5)
Net interest expense	**(19.1)**	(14.6)
Share award purchases	**(6.2)**	–
Taxation	**(16.7)**	(19.5)
Dividends received from associates/(paid) to non-controlling interests	**1.5**	1.1
Acquisition consideration/investments (net of disposals)	**(3.2)**	(12.0)
Cash flow before debt repayments	**35.2**	121.4

The underlying operating cash flow in 2016 of £129.5m represents a conversion of 98% (2015: £123.9m and 115%) of underlying operating profit into cash.

Capital expenditure of £17.5m includes the development of electronic platforms and 'straight through processing' technology, and investment in IT and communications infrastructure, and the acquisition of a long-term licence of hybrid trading technology from the CME.

Initial contract payments in 2016 were broadly in line with the amortisation charge.

The other working capital outflow in 2016 primarily reflects the increase in trade receivables resulting from the higher level of broking activity towards the end of the year compared with 2015, partially offset by a corresponding increase in bonus accruals compared with the prior year end.

During 2016, the Group made £20.7m of cash payments relating to actions taken under the 2015 cost improvement programme, £1.2m relating to the 2014 cost improvement programme, and £0.4m relating to the 2011/12 restructuring programme.

Transaction cash payments relating to the acquisition of ICAP were £11.0m in the year. The Group also paid £17.0m for integration planning and other integration related actions.

The Group paid £6.2m to purchase its own shares, to satisfy deferred share awards made to senior management during the year.

Interest payments in 2016 reflect the underlying income statement charge for net cash finance expenses excluding the charge for the amortisation of debt issue costs.

Financial review
continued

Tax payments in 2016 of £16.7m include £13.7m paid in the UK. Tax payments in the USA continue to be low, reflecting the utilisation of tax losses. Tax paid in Asia Pacific has decreased primarily reflecting reduced payments due to overpaid tax in the prior year.

The £3.2m acquisitions and investments cash outflow in 2016 is deferred consideration relating to the acquisition of MOAB.

The movement in cash and debt is summarised below.

	Cash[1] £m	Debt £m	Net £m
At 31 December 2015	379.2	(220.2)	159.0
Cash flow	35.2	–	35.2
Dividends	(40.7)	–	(40.7)
Bank facility arrangement fees	(3.8)	3.8	–
Repayment of Sterling Notes June 2016	(141.1)	141.1	–
Drawdown Bridge Facility	470.0	(470.0)	–
Amortisation of debt issue costs	–	(1.5)	(1.5)
Cash and financial assets acquired with ICAP	383.5	–	383.5
Loan acquired with ICAP	–	(330.0)	(330.0)
Repayment of loan acquired with ICAP	(330.0)	330.0	–
Effect of movement in exchange rates	33.3	–	33.3
At 31 December 2016	785.6	(546.8)	238.8

Note:
1 Includes financial assets.

Debt finance
The composition of the Group's outstanding debt is summarised below.

	At 31 December 2016 £m	At 31 December 2015 £m
7.04% Sterling Notes July 2016	–	141.1
5.25% Sterling Notes June 2019	80.0	80.0
Bank bridge loan	470.0	–
Unamortised debt issue costs	(3.2)	(0.9)
	546.8	220.2

During 2016, the Group refinanced the £141.1m Notes that matured in July 2016, by drawing down £140m of the £250m RCF and using £1.1m of its own funds. When the acquisition of ICAP completed on 30 December, the Group drew down the committed £470m bank bridge facility that the Company had entered into in November 2015, to repay the £140m drawn on the RCF, and the outstanding £330m debt obligation acquired with ICAP.

The bank bridge loan was subsequently refinanced on 26 January 2017 following the issue of £500m 5.25% unsecured Sterling Notes that mature in January 2024.

Exchange and hedging
The income statements of the Group's non-UK operations are translated into sterling at average exchange rates. The most significant exchange rates for the Group are the USD and the Euro. The balance sheets of the Group's non-UK operations are translated into Sterling using year end exchange rates. The major balance sheet translation exposure is to the USD The Group's current policy is not to hedge income statement or balance sheet translation exposure. Average and year end exchange rates used in the preparation of the Financial Statements are shown below.

	Average		Year end	
	2016	2015	2016	2015
USD	$1.37	$1.53	$1.24	$1.47
Euro	€1.23	€1.38	€1.17	€1.36

Pensions
The Group has one defined benefit pension scheme (the 'Scheme') in the UK. The Scheme is closed to new members and future accrual.

The triennial actuarial valuation of the Scheme as at 30 April 2013 was concluded in January 2014. The actuarial funding surplus of the Scheme at that date was £64.2m and under the agreed schedule of contributions the Group will continue not to make any payments into the Scheme. The 30 April 2016 triennial actuarial valuation is currently in progress and has not been finalised as at the date of the Consolidated Financial Statements.

The assets and liabilities of the Scheme are included in the Consolidated Balance Sheet in accordance with IAS 19. The fair value of the Scheme's assets at the end of the year was £317.0m (2015: £289.8m). The increase reflects the investment return on the assets of 21% less amounts paid as benefits and transfers. The value of the Scheme's liabilities at the end of 2016, calculated in accordance with IAS 19, was £217.1m (2015: £201.6m). The valuation of the Scheme's liabilities at the end of 2016 reflects the demographic assumptions adopted for the most recent triennial actuarial valuation and a discount rate of 2.5% (2015: 3.7%). Under IAS 19, the Scheme shows a surplus, before the related deferred tax liability, of £99.9m at 31 December 2016 (2015: £88.2m).

The Trustees are currently making arrangements for the transfer of the Scheme's assets and liabilities to a third a party who will take on responsibility for providing the Scheme's benefits, and remove the Group's responsibility for supporting the Scheme financially, a 'Buy-out'. Securing such a Buy-out will give long term security to the Group. It should be noted that to the extent the premium charged by the third party exceeds the value of the Scheme's liabilities calculated in accordance with IAS 19, the completion of the Buy-out will result in a reduction of the Group's net assets. This reduction, with its associated tax credit, will be reflected as an exceptional settlement expense in the Consolidated Income Statement.

Regulatory capital
The Group's lead regulator is the Financial Conduct Authority ('FCA').

The Group has a waiver from the consolidated capital adequacy requirements under CRD IV. The Group's current waiver took effect on 30 December 2016, following the acquisition of ICAP, and will expire on 30 December 2026. Under the terms of the waiver, each investment firm within the Group must be either a limited activity or a limited licence firm and must comply with its individual regulatory capital resources requirements. TP ICAP, as the parent company, must continue to maintain capital resources in excess of the sum of the solo notional capital resources requirements for each relevant firm within the Group, the 'Financial Holding Company test'.

The terms of the waiver require the Group to eliminate the excess of its consolidated own funds requirements compared with its consolidated own funds ('Excess Goodwill') over the ten year period to 30 December 2026. The amount of the Excess Goodwill must not exceed the amount determined as at the date the waiver took effect and must be reduced in line with a schedule over the ten years, with the first reduction of 25% required to be achieved by June 2019. The Group expects to achieve this reduction within its current business plan. The waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

The Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £1,922m (2015: £761m).

Many of the Group's broking entities are regulated on a 'solo' basis, and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

Information disclosure under Pillar 3 is available on the Group's website: www.tpicap.com

Acquisition of ICAP
As the acquisition completed at the end of 2016, none of the results of ICAP are included in the results reported for 2016 on which the previous paragraphs provide a commentary. On page 4 we have included an unaudited Pro Forma Income Statement indicating what the aggregated results would have looked like if the combination had been effective from 1 January 2016. The unaudited Pro Forma Income Statement is compiled based on TP ICAP plc's 2016 audited financial statements discussed in this Annual Report together with financial data extracted from the books and records of ICAP over the 12 month period to December 2016.

Over the 12 months to 31 December 2016, ICAP had revenues of £795m and an operating profit of £108m giving an operating profit margin of 13.6%.

The Acquisition was achieved through the issue of approximately 310m ordinary shares, valuing the transaction at £1,283m. Under the terms of the transaction, TP ICAP assumed £330m of intercompany debt owed by the acquired business to its former parent. This was immediately repaid by drawing down the bank bridge facility, which was subsequently refinanced in January 2017 as described above.

Risk management

Effective risk management is essential for the financial strength and resilience of the Group and for the achievement of its business objectives. This section sets out a summary of how risk is managed by the Group, covering the Enterprise Risk Management Framework and the Group's principal risks.

Enterprise Risk Management Framework
The Enterprise Risk Management Framework ('ERMF') enables the Group to understand the risks it is exposed to and to manage them in line with its business objectives and within the stated risk appetite. The ERMF comprises four mutually reinforcing components: risk management philosophy, risk management culture, risk management governance structure and risk management processes.

Philosophy and culture
The Group's risk management philosophy is underpinned by a set of core principles that establish the context for the Group's risk management activities. The principles dictate that risk management should be value enhancing, address the expectations and requirements of key stakeholders and be integrated into the business processes of the Group.

Risk management should also be proportionate to the type and complexity of the business model and the nature of the associated risks. Furthermore, risk oversight and assurance functions should be sufficiently independent of business decision taking and supported by adequate resources.

The Board recognises that embedding a sound risk management culture throughout the Group is fundamental to the effective operation of the ERMF, specifically to ensure that all employees are aware of, and act in conformity with, the desired values and behaviours adopted by the Group in their day-to-day activities.

The Group seeks to achieve the implementation of its desired risk management culture through a combination of frameworks, policies, practices and incentive schemes.

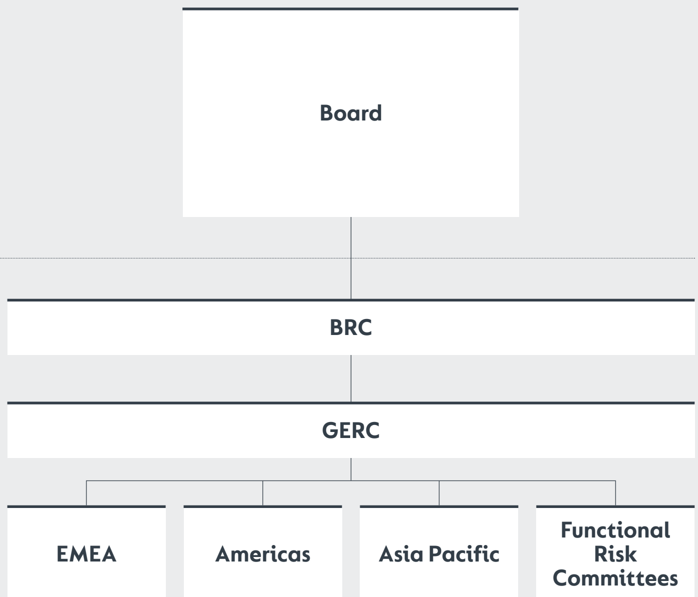
Governance
The Group has implemented a risk management governance structure based on three lines of defence that segregate risk management (first line of defence) from risk oversight (second line of defence) and risk assurance (third line of defence), and is subject to Board and Risk Committee oversight:

The Board has overall responsibility for the management of risk within the Group. This includes:

> determining its risk appetite and defining expectations for the Group's risk culture
> ensuring that it has an appropriate and effective risk management framework monitoring performance so that the Group remains within its risk appetite

The Group's Risk Committee governance structure ensures the effective oversight of the implementation and operation of the ERMF. It comprises:

> Board Risk Committee ('BRC')
> Group Executive Risk Committee ('GERC')
> three regional risk committees (in EMEA, Americas and Asia Pacific)
> other function specific committees



First line of defence
Risk management within the business

The first line of defence comprises the management of the business units and support functions.

The first line of defence has primary responsibility for ensuring that the business operates within risk appetite on a day-to-day basis.

Second line of defence
Risk oversight and challenge

The second line of defence comprises the risk and compliance functions, which are independent from operational management.

The functions are responsible for overseeing and challenging the first line of defence as it undertakes the identification, assessment and management of risks, and for assisting the Board (and its various committees) in discharging its overall risk oversight responsibilities.

Third line of defence
Independent assurance

Internal Audit provides independent assurance on the design and operational effectiveness of the ERMF and associated activity.

Risk management processes

The ERMF sets out the core risk management activities undertaken by the Group to identify, assess and manage its risk profile within the prescribed risk appetite.

Risk appetite

The Group's risk appetite represents the type and level of risk which it is willing to accept in pursuit of its business objectives. Risk appetite is articulated by the Board through the Group's risk appetite statements which are reviewed on at least an annual basis.

The Group's risk appetite statements are set by reference to five 'risk impacts' and can be summarised as follows:

Impact	Statement
Capital	The Group must ensure it holds sufficient capital to meet any applicable regulatory capital requirements in both expected and stressed business conditions
Liquidity	Each operating entity must maintain, or have access to, sufficient liquidity to meet all of its funding obligations and comply with any minimum regulatory requirements, in both normal and stressed conditions.
Reputation	The Group's objective is to maintain its reputation for being a sound, trusted and reliable market intermediary, with market integrity at the heart of its business, as articulated in the Group's Cultural Framework.
Regulatory standing	The Group's objective is to maintain its good standing with all of its regulators and to fully comply with all applicable laws and regulations to which the Group is subject.
Access to capital markets	The Group's objective is to ensure that it maintains access to the capital markets, and complies with existing bank lending covenants, even in stressed operating conditions.

The Group implements its risk appetite statements through the adoption of risk thresholds at individual risk level. These thresholds constitute the operational parameters which the first line of defence must operate within on a day-to-day basis.

Our principal risks and uncertainties

Principal risks

The Board has conducted a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

In undertaking this assessment on behalf of the Board, the Risk Committee has considered a wide range of information, including regulatory requirements, reports provided by the Risk function, presentations by senior management and the findings from the Group's 'bottom-up' and 'top-down' risk assessment processes conducted in 2016.

Risk	Description	Potential Impact
Adverse change to regulatory framework	The Group is exposed to the risk of a fundamental change to the regulatory environment it operates within resulting in a reduced role for Interdealer brokers or restricted client trading activity, such as MiFID II.	> Reduction in broking activity > Reduced earnings and profitability
Cyber-security and data protection	The risk that the Group fails to adequately protect itself against cyber-attack and / or to adequately secure the data it holds, resulting in loss of operability, as well as potential loss of critical business or client data.	> Loss of revenue > Remediation costs > Severe damage to reputation > Regulatory sanctions > Payment of damages/compensation
Deterioration in the commercial environment	The Group's performance would be adversely affected by a sustained period of suppressed market activity leading to reduced revenues. This could arise as a result of adverse macro-economic conditions or geopolitical developments, such as Brexit.	> Reduction in broking activity > Reduced earnings and profitability
Failure to respond to client requirements	The markets in which the Group competes are characterised by rapidly changing technology and evolving customer requirements, including the demand for electronic broking solutions. The Group is exposed to the risk that it fails to respond to customer requirements in a timely manner.	> Loss of market share > Reduced earnings and profitability
Failure to deliver integration	The Group's business strategy is dependent on the successful integration of ICAP, and achieving the targeted operational efficiencies.	> Double running costs leading to reduced profitability > Lack of investor confidence > Reduced access to the capital markets

Mitigation	Key risk indicator	Related strategic objectives (as set out on page 8)
> Close monitoring of regulatory developments. > Active involvement in consultation and rule setting processes (including FCA consultations on MiFID II).	> Key regulatory changes > Status of regulatory change initiatives	> Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created. > Continuing to develop the Data & Analytics business where the product suite and delivery channels can be expanded.
> The Group continues to monitor and assess the evolving and increasingly sophisticated cyber-threat landscape to ensure that its control framework is appropriate to address the potential cyber-threats to which it is exposed.	> System outages > Data loss events > Cyber-security events/losses	> Investing in technology and realigning the mix between owned and outsourced platforms to maximise the business's intellectual property to ensure that the business has the technology capabilities that customers seek. > Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created.
> Adoption of a clearly defined business development strategy to maintain geographic and product diversification. > Establishment of working group to prepare the Group's response to Brexit.	> Operating profit > Revenues by region > Trade volumes > Revenue forecast > Stress testing scenario outcomes	> Seeking to improve the business's brand awareness and coverage. > Extending the business's broking offering to service clients where the market is receptive to a broadening of the client base. > Seeking to continue to build the business's activities in energy and commodities products. > Seeking to add brokers to maintain and grow presence in those products with high market attractiveness where the business has a high ability to compete, and where its presence can be developed.
> Proactive engagement with clients through customer relationship management process. > Adoption of a clearly defined business development strategy which continues to enhance the Group's service offering.	> Trade volumes > Operating profit > New business initiatives > Client satisfaction surveys	> Investing in technology and realigning the mix between owned and outsourced platforms to maximise the business's intellectual property to ensure that the business has the technology capabilities that customers seek. > Investing in client relationship management to bring focus and discipline to how the business targets and covers clients, to seek to broaden and institutionalise relationships.
> Adoption of clearly defined integration plan. > Implementation of robust integration governance structure. > Measurement of synergies realised and monitoring of costs of the integration.	> Integration plan tracking (status)	> Developing the business's capability to source, execute and integrate acquisitions.

Our principal risks and uncertainties
continued

Risk	Description	Potential Impact
Failure to retain and recruit talent	The Group operates in a highly competitive market for talent, and is exposed to the risk that it fails to retain or recruit the employees required to deliver its strategy.	> Potential loss of expertise and client relationships. > Increase in employee costs as Group seeks to counter aggressive competitor activity.
Operational failure	The Group is exposed to operational risk in nearly every facet of its role as a hybrid voicebroker, including from its dependence on: > The accurate execution of a large numbers of processes, including those required to execute, clear and settle trades; and > A complex IT infrastructure	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity. > Damage to the Group's reputation as a reliable intermediary in the financial markets.
Breach of regulatory requirements	The Group operates in a highly regulated environment and is subject to the laws and regulatory frameworks of numerous jurisdictions. These include laws relating to conduct of business, financial crime, market abuse and anti-bribery and corruption. Failure to comply with applicable regulatory requirements could result in enforcement action being taken. See Note 33 to the Consolidated Financial Statements.	> Regulatory fines > Potential loss of regulatory licence > Severe damage to reputation
Counterparty credit risk	The Group is exposed to counterparty credit risk arising from brokerage receivables owed by clients, unsettled matched principal trades held with clients and from cash deposit counterparties.	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity.
Liquidity risk	The Group is exposed to potential margin calls from clearing houses and correspondent clearers. The Group also faces liquidity risk through being required to fund matched principal trades which fail to settle on settlement date.	> Reduction in Group's liquidity resources which could, in extreme cases, impact the Group's liquidity.

Mitigation	Key risk indicator	Related strategic objectives (as set out on page 8)
> Proactive management of broker contracts. > Competitive remuneration and performance management. > Operation of Early Careers Programme.	> Complaints and conduct issues > Voluntary leavers > Performance appraisal ratings > Trainings conducted	> Developing the HR function and processes to hire and train staff and to manage compensation appropriately to encourage good long term behaviours.
> Implementation of an appropriate control framework to ensure that operational risk exposure is managed within risk appetite. > Reverse stress tests undertaken to identify key risks which could undermine viability of the Group. > Maintenance of effective business continuity plans and capability. > Adoption of Incident and Crisis Management Plan to ensure all key stakeholders involved in the event of a major incident.	> Residual balances > Loss events > Crisis > Incidents > Settlement fails > Margin calls	> Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created. > Investing in technology and realigning the mix between owned and outsourced platforms to maximise the business's intellectual property to ensure that the business has the technology capabilities that customers seek.
> The Group's Compliance function is responsible for ensuring that staff are made aware of all applicable regulatory requirements, and for monitoring compliance with these requirements. > Adoption of Cultural Framework which seeks to implement the Group's core values and principles throughout all areas of the business. > Adoption of comprehensive Compliance training programme.	> Regulatory fines > Financial crime breaches > Market abuse breaches > Conflict of interest breaches	> Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created. > Developing the HR function and processes to hire and train employees and to manage compensation appropriately to encourage good long term behaviours.
> Counterparty exposures managed against exposure reporting thresholds, calibrated to reflect client creditworthiness. > Exposures subject to ongoing monitoring and reporting by independent Credit function. > Exposure concentration limits to prevent excessive exposure to one institution.	> Matched Principal trade exposure > Name Passing receivables > Group cash peak exposure	> Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created.
> Brokers subject to broking limits which restrict potential margin exposure. > Group maintains significant cash resources in each operating centre to ensure immediate access to funds. > Committed £250m revolving credit facility.	> Unplanned intra-group funding calls > RCF draw-down > Tax issues > Credit reviews past due > Level of margin call	> Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created.

Resources, relationships and responsibilities

We aim to manage our business responsibly, for the long-term benefit of all stakeholders as well as society more broadly. This is reflected in our ongoing commitment to maintaining a professional culture and sound business practices and relationships, developing our employees, and supporting the communities where we operate.

Our role in society

Our primary role in society is rooted in creating economic value. We contribute to the stability and prosperity of local economies by helping governments and companies raise capital and manage risk, we provide transparency for customers, and we help maintain the liquidity of markets. This provision of liquidity, particularly at times of economic uncertainty, facilitates investment in businesses and pension funds, thus contributing to economic growth and sustaining society.

Over and above this role, and our public commitment to act responsibly, we are in the process of developing a corporate responsibility strategy for the enlarged business. This will map out how our business can influence and bring about positive change. In a time of public distrust towards big business and financial firms, it's important we maintain our efforts to strengthen our reputation, as well as enhance the Company in the eyes of existing and prospective investors, employees, customers, and partners, as well as wider society.

In the past few years, the Company has taken some specific actions with regard to corporate responsibility, and in 2016 implemented a Group Corporate and Social Responsibility Policy. Now, as TP ICAP, we are making good progress in framing the new business's corporate responsibility objectives and developing an overarching strategy, and will announce more detail as we move through 2017.

Resources

We recognise that our success depends on building a high-quality, sustainable workforce. We therefore make a significant investment in recruitment and training to attract, develop and retain the people we need.

Employee numbers and gender diversity

At 31 December 2016 (excluding ICAP employees acquired on 30 December 2016), the Board comprised two women and six men, the same as last year. The mix of senior managers at 31 December 2016 was 12 women and 56 men (from six women and 53 men in 2015). Overall employee numbers on 31 December 2016 were 599 women and 2,130 men (2015 reported 556 women and 2,129 men).

Longevity of service

At 31 December 2016 (excluding ICAP employees acquired on 30 December 2016), the data on length of service was as follows:

	Less than 5 years	5-10 years	10+ years
EMEA	41%	23%	36%
Americas	51%	19%	30%
Asia Pacific	50%	24%	26%

Equal opportunities

In June 2016, we updated our Global Equal Opportunities Policy. It describes the Group's support of equal opportunity in employment, and our opposition to all forms of unlawful or unfair discrimination. It applies to all aspects of the employment relationship, such as recruitment, training, career prospects, terms and conditions and performance management. We will not directly or indirectly discriminate against employees, ex-employees, or candidates on the basis of any protected characteristics, and will not tolerate unlawful discrimination by employees. The policy aims to ensure we respect the backgrounds, beliefs and cultures of all employees, and that the working environment is free from discrimination, harassment and bullying. In the event that an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, to enable the employee to continue working for the Group.

Recruitment

Public misgivings about our sector may potentially have an impact on our ability to attract the brightest and the best, and so we have implemented some new initiatives for hiring and training the next generation of brokers. Our Early Career Talent Academy matches recruits' key attributes to our business needs, rather than focusing on their academic background, and features an audition day based on 'The Apprentice' TV show format. In November we selected ten trainee brokers to start with us in London, from 2,000 applicants. In January 2017, another ten successful candidates from a second Talent Academy event became our first Energy Early Career cohort.

Our early talent strategy will rely heavily on online channels to interact with potential candidates. We launched a new careers page on our website, advertising our vacancies globally and offering the functionality for candidates to download job descriptions and upload their CVs. This will in time become a fully functioning careers campaign site. In addition, we launched a careers page on LinkedIn.

Development, training and new e-learning modules

We believe in the ongoing development of all employees, and offer training, development opportunities and support through our performance management system and regular HR offering. We launched a new Global Training policy where employees can request sponsorship for appropriate training.

We now have e-learning modules available to all employees as part of our commitment to employee learning and development around the Group. The video modules range from a broad overview of financial markets and the major participants, to a more detailed explanation of specific markets covering cash, securities, rates and commodities.

Performance management and reward

Building on the launch of performance management in 2015, in 2016 we introduced the performance management cycle to all employees. In the UK and across EMEA we continued to roll out the formal assessment linking broker compensation to our values and conduct.

All non-broking employees are set objectives at the start of the year which, along with behaviour linked to our values and conduct, will form their year-end appraisal.

The pulse survey

In October 2016, we carried out a short pulse survey across Tullett Prebon and ICAP, achieving 67% participation, with 3,460 total responses. The feedback is now helping us understand employees' views on today's leadership, communication and culture, and what they would like to see happen in the future. We supplemented the initial survey with follow on interviews and focus groups to discuss feedback. We shared the results with all concerned. We have a full engagement survey planned for 2017.

Culture

We recognise that culture is a critical element of the long-term performance of any business, especially when two different cultures are brought together. A healthy culture, regularly reviewed, can enhance company value and be a source of competitive advantage. We strongly believe our culture will need to create this value in a balanced way, focusing on risk mitigation and conduct, while at the same time creating an employee value proposition to attract and retain the workforce we want.

Tullett Prebon launched a Cultural Framework in December 2014, recognising the importance of a set of unwavering standards and expectations in weathering stress and pressure. In the years since, we have reinforced these standards with our brokers, and the working environment has improved accordingly. There is more awareness of the importance of culture, and recognition that this is a daily effort and continuous journey.

Both Tullett Prebon and ICAP have been on a cultural journey to being a modern professional services broker. Now we are clear about our key propositions for our future culture as TP ICAP, we recognise that a number of areas require attention and development. These form a list that we will continue to test fully and develop further, before putting together our target culture and detailed plan of action, which we will align to the broader integration plan. This plan will go to the Board during Q2 2017. From there, to make our plans a reality, we will work together as a leadership team to emphasise the importance of delivering this plan.

Relationships

Business ethics

We require high standards of ethical behaviour throughout the business, and policies and procedures exist to ensure employees and contractors at all levels understand and maintain these.
The policies aim to ensure:

- we maintain high standards of compliance and risk management, ultimately the responsibility of the Chief Executive, and monitored by the Board and Audit Committee.
- we comply fully with the legal and regulatory requirements wherever we operate, including the FCA's Conduct of Business Sourcebook and the Bank of England's Non-Investment Products Code.
- we prohibit corrupt practices, such as inappropriate payments to any third party, directly or indirectly.
- we comply fully with tax laws wherever we operate.
- we trade fairly, knowing our clients and properly understanding our trades with clients. We have a policy of not participating in trading activities we suspect may not be for legitimate trading purposes, or whose sole purpose appears to be tax reduction by the counterparty.
- we guide employees involved in procurement, including a requirement to adhere to the highest ethical and social standards.
- we maintain appropriate guidelines on gifts, hospitality, entertainment and conflicts of interest.
- all our employees adhere to and continually demonstrate our Company values of Honesty, Integrity, Respect and Excellence, which are outlined in our Code of Conduct, to ensure a welcoming, safe and secure workplace.

In addition, we support the UN Guiding Principles on Business and Human Rights. This includes implementing our obligations under the UK Modern Slavery Act. As a newly formed business, TP ICAP is undertaking a thorough review of its Corporate Social Responsibility practices and as such a fuller statement on modern slavery will appear on our Company website as soon as it is finalised.

Resources, relationships and responsibilities
continued

New social media and online policy
Social media continues to change the way employees and businesses interact and communicate. To safeguard our brand, reputation and employees when communicating on social media or online at work, we have set clear rules and policies on the use of social media and online communications by launching a social media strategy. We have also produced a social media best practice guide.

Working with governments and regulators
We work with governments and regulatory authorities to maintain a detailed, up to date understanding of any legislation and regulation that affects us and our customers, to allow us to respond efficiently to change.

Our values
Our culture is founded on shared values and principles. We have a defined set of values that underpin everything we do. We are known in the market for our honesty, integrity and excellence in the provision of service to our clients. Above all else, we respect our clients and each other, without bias.

> Honesty
> Integrity
> Respect
> Excellence

Responsibilities
Management of corporate social responsibility
In September 2016, Tullett Prebon launched its Group Corporate Social Responsibility policy statement internally. This sets out the intentions of the Group in relation to equal opportunities, employee development, health, safety, welfare and the environment. The Group has also published a Code of Conduct and values, to help guide employees in their business relationships.

Charitable giving policy
We want to encourage all employees to support not-for-profit organisations through volunteering and charitable giving. Therefore we launched our Charitable Giving Policy this year, offering a range of ways employees can make either monetary or in-kind donations. Monetary schemes include a matching scheme, where the Group will match donations raised by an employee, and one where the Group will directly sponsor appropriate charitable organisations introduced by an employee. We also run a Give As You Earn scheme for charitable payroll deductions. In addition, we encourage employees to take up volunteering opportunities to help approved not-for-profit organisations, or to provide personal expertise freely in support. As an example, in October 2016, we sponsored 20 employee volunteers to support NY Cares Day for Schools – a fundraising campaign that brings together volunteers to help schools in New York City. Our team organised book rooms, planted bulbs and helped paint school facilities.

New safety system rolled out
The safety and security of our employees is our top priority. With this in mind, we implemented an Emergency Notification System, with Asia Pacific and EMEA collecting all emergency contact data, in partnership with Everbridge. This is part of our Corporate Business Continuity Management programme.

Environment
As an office-based business, we do not generate a large environmental impact. Our main impact on the environment is the emission of greenhouse gases as a result of office-based business activities and from business travel. Statistics relating to these are set out in the Directors' Report, where we also publish our annual carbon footprint.

Despite this, we do aim to minimise our impact on the environment and to meet or exceed any relevant legislative requirements or codes of practice. We will continue to improve our management of energy, emissions, use of resources and waste, and provide training and resources to support this. Having recently grown our business by acquisition, we will be reviewing our strategy for reducing our environmental impact and will report more on this in due course.

Tax and other social payments
The Group continues to maintain a low risk rating from HMRC. The Group has earned this low risk rating in each of the last eight years since HMRC started to disclose the names of those companies achieving this important status. TP ICAP is registered, regulated and publicly listed in the UK and will continue to pay the right amount of tax at the right time.

The Group made payments to tax authorities in the UK and the USA (the main jurisdictions in which it operates) for 2016 of £215m (2015: £193m), comprising corporation tax, premises taxes, employer's social security payments, income taxes and social security paid on behalf of employees and VAT/sales taxes. In addition, the Group makes further tax payments to the tax authorities in other tax jurisdictions in which it operates.

HM Treasury has adopted the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013. The legislation requires the Company to publish additional information, in respect of the year ended 31 December 2016, by 31 December 2017. This information will be available by this date on TP ICAP's website, www.tpicap.com.

The 2016 Strategic Report, from page 2 to page 40, has been reviewed and approved by the Board of Directors on 14 March 2017.

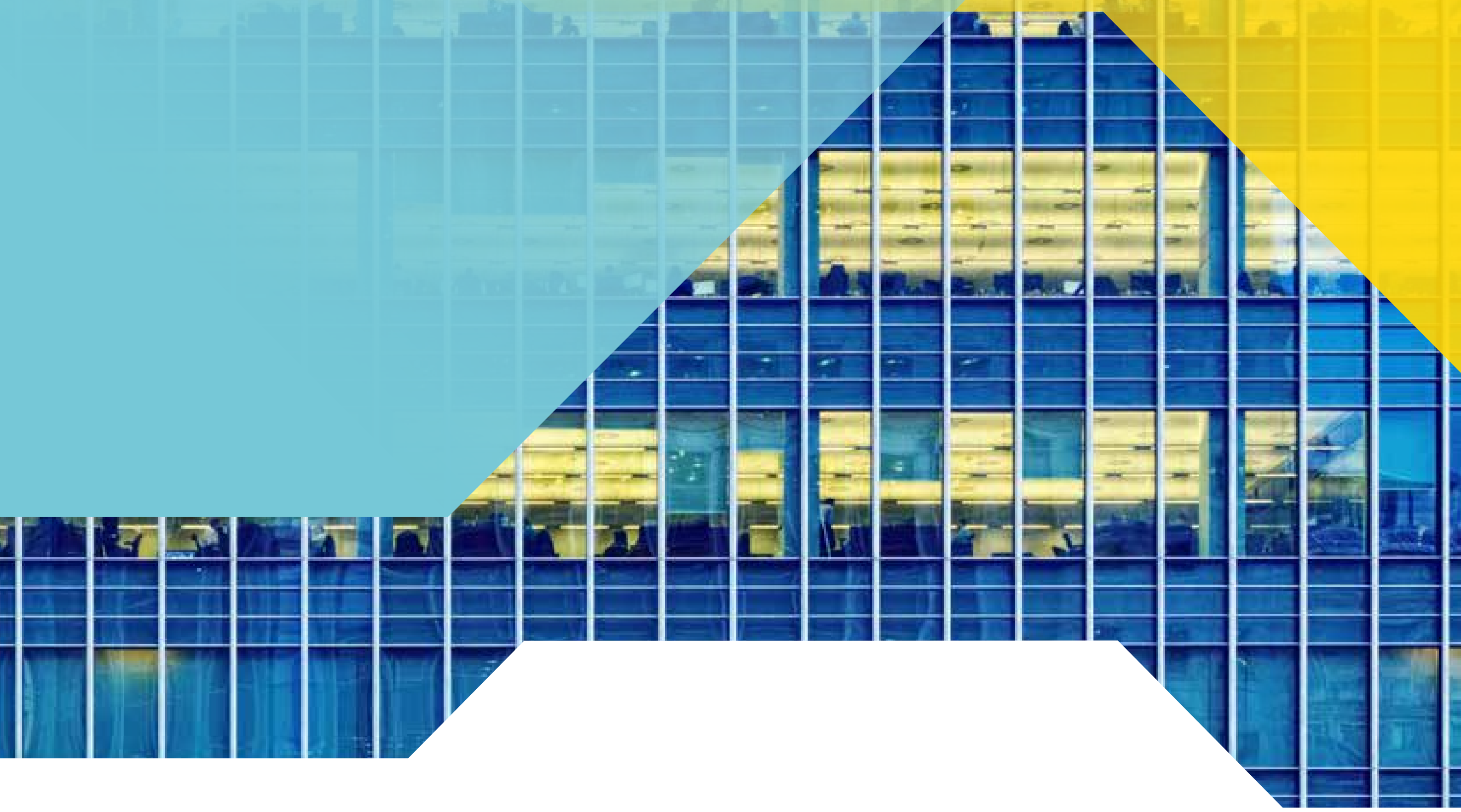
John Phizackerley
Chief Executive

Andrew Baddeley
Chief Financial Officer

Case study

Growing Data & Analytics

Our Data & Analytics Division continues to grow and innovate, adding new products to meet clients' changing needs as markets shift and regulation changes.



Link to our strategy on page 8

In 2016, we acquired the market research, analytics and business consulting firm Burton-Taylor International, a globally recognised leader in the provision of unique data and insight across key industries, including financial services, media and software. Its in-depth reports cover financial market data, risk, exchange services, media intelligence and public relations, and have become trusted sources of information in these markets. Burton-Taylor's core values of independence, lack of bias and authoritative accuracy accord with those of TP ICAP's Data & Analytics division.

We plan to increase the depth and breadth of products Burton-Taylor delivers to clients and to continue to expand its services into new sectors, making Data & Analytics a key part of TP ICAP's ongoing growth story.

Chairman's governance review

"There is increasing recognition of the fact that corporate culture plays an important part in how companies perform successfully."

Rupert Robson
Chairman

Dear shareholder
On behalf of the Board, I am pleased to introduce our report on corporate governance for 2016. It outlines how we continued to apply good governance practice by following the principles and provisions of the UK Corporate Governance Code (the 'Code') throughout the year.

Following the Code does not just mean ensuring the Board has the right mix of talents, operating in the most effective manner, though we have been working to that end. There is increasing recognition of the fact that corporate culture plays an important part in how companies perform successfully while managing risk, and that this culture should be set and 'lived' by the Board. This, too, we have been working on, and I will describe these matters in further detail below.

Leadership and effectiveness
We are not a different company simply because we have made an acquisition and rebranded, but we are a new company in that we are now leaders in our market, following the acquisition of ICAP. The Board needs to ensure that, by the time we have integrated the businesses, we will have created the world's leading interdealer broker on merit, and that means on the quality of the job our brokers do for their clients, not just on the number of brokers we have. This, for me, is the link between governance and strategy.

To that end we have been considering both the effectiveness and composition of our Board. During the fourth quarter, the Board undertook an evaluation exercise conducted by Independent Audit, a review which also encompassed the performance of the Board's committees. We discussed the recommendations at the December Board meeting. As one consequence, we will be searching for two new Non-executive Directors, one from the Americas and another from Asia, so the Board has more global representation. There is more detail on both of these matters in the following pages.

Culture and relationships
It is widely accepted that one of the main roles for a Board is to establish, exemplify and reinforce the culture, values and ethics of a company. The financial services sector is under the spotlight in this regard, more so than most sectors.

We firmly believe a sound culture, with strong and visible buy-in from the Board, is fundamental to the success of our strategy and our business, which is why we have been working on our Company culture for a number of years. You will find a short summary of this work on page 39. In essence, we take a rounded approach focusing on risk mitigation and conduct while at the same time cultivating an employee value proposition to attract and retain the workforce we want. Ultimately, we want an organisation that is prosperous, energetic and ambitious and that is always honest and transparent, a high quality organisation that is both the best in its sector, and the best behaved.

Following the successful pulse survey in October 2016, completed by both Tullett Prebon and ICAP employees, we will be putting in place a global training and development policy to help support employees during the integration period. This will start in early 2017. During the process of acquiring ICAP we have enjoyed a considerable amount of shareholder communication, and I am grateful to all our shareholders for their support, and to those who have provided feedback. You can find further information on shareholder engagement later in this section, and more detail of employee programmes, and relationships with other stakeholders, on page 39.

Accountability and remuneration

This year we completed the first full-year cycle of the Risk Committee, which we created in July 2015. The Committee has made good progress in strengthening our risk policies and infrastructure, and in preparing for the ICAP acquisition.

During 2016 the Nominations Committee reviewed in depth the appropriate governance structure of TP ICAP and has considered both immediate and long-term succession plans. This year the Audit Committee was engaged in a number of workstreams as detailed on page 52.

During 2016, the Remuneration Committee conducted a full review of our remuneration policy. As stated in last year's Annual Report, we will be seeking shareholder approval for a new policy at our AGM in 2017. This new policy strongly aligns the interests of management and shareholders with the successful integration of the recently acquired ICAP business over the next three years. The Board and the Remuneration Committee are hugely aware of the climate concerning the topic of remuneration. This policy is being put forward to shareholders after a first round of consultation with the majority of our register and then a second round of intensive and constructive consultation with our leading shareholders. We are especially grateful to our top shareholders for their prompt and helpful response which has determined the structure set out in the proposed new policy. In summary, the profile of the proposed new remuneration structure has been pushed out to the end of the 2017-2019 period and beyond. Illustratively, the Chief Executive's annual remuneration (salary and bonus) will accordingly be very substantially lower in 2017 than in 2016 in order to motivate behaviours aimed at maximising the creation of shareholder value over the medium term. The rest of the GEC will also participate in the same scheme as the Executive Directors to ensure internal alignment. You can find further details in the Remuneration Committee Report in the following pages.

Conclusion

In summary, I consider the Board and Company to have fully met their obligations as regards governance during 2016. We will continue to do so throughout 2017 as we undertake the major task of successfully integrating ICAP and developing our business into the leading interdealer broker on any measure.

Rupert Robson
Chairman
14 March 2017

We have complied fully with the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in September 2014, throughout the year ended 31 December 2016. A copy of the Code can be found on the FRC website, www.frc.org.uk

In April 2016, the FRC updated the Code, publishing a revised UK Corporate Governance Code. The revised Code is not applicable to the Company for the year ended 31 December 2016 and will apply to the year ending 31 December 2017.

Board of Directors

Rupert Robson 1
Chairman

Rupert Robson was appointed to the Board in January 2007 and to Chairman in March 2013. He is Chairman of the Nominations Committee.

He has held a number of senior roles in financial institutions, most recently Chairman of Charles Taylor plc, Non-executive Director of London Metal Exchange Holdings Ltd and Non-executive Director of OJSC Nomos Bank, Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets.

He is also Chairman of EMF Capital Partners, Sanne Group plc, a Non-executive Director of Savills plc and a Governor of Sherborne School.

John Phizackerley 2
Chief Executive

John Phizackerley was appointed to the Board and as Chief Executive in September 2014.

From 1986 to 2009 he held various positions in Lehman Brothers including Head of Equity Research, Head of Equity Sales in Europe, Global Head of Pan-European Cash Equities, Co-Head of European Equities and Chief Administrative Officer, Europe and Middle East. He remained with the firm following the Nomura acquisition in 2009 and held a number of positions, including Chief Operating Officer of Nomura International and Chief Executive Officer of Nomura Bank International, becoming Chief Executive Officer of Nomura International plc in 2011.

Andrew Baddeley 3
Chief Financial Officer

Andrew Baddeley was appointed to the Board and as Chief Financial Officer in May 2016.

He qualified as a Chartered Accountant in 1987 and as a Chartered Tax Adviser in 1990, specialising in the taxation of insurance business while working for EY and then PwC. In 1998 he joined General Re, where he served in a number of roles including, latterly, as Chief Financial Officer of its UK and Ireland operations. In 2007 Andrew was appointed Group Finance Director at Atrium, and in 2013, he joined Brit Insurance as Chief Financial Officer. He has considerable experience in the implementation of new financial reporting processes and systems, and IT platform upgrades.

Andrew is a Non-executive Director at Cobalt Insurance Holdings Limited, where he chairs the Audit Committee, a Director of Ponos Consulting Ltd and is a Governor at Walthamstow Hall School.

David Shalders 7
Independent Non-executive Director

David Shalders was appointed to the Board in February 2014 and is a member of the Remuneration, Nominations and Risk Committees.

He is Group Operations & Technology Director at Willis Towers Watson plc, responsible for IT, operations, real estate and change management functions. He joined Willis Towers Watson from the Royal Bank of Scotland Group where he served for over a decade in senior operations and IT roles, most recently as Global Chief Operating Officer for Global Banking and Markets. He also led the division's regulatory response to Basel 3. Prior to that, he led the Group's integration with ABN Amro and held roles as Head of London and Asia Operations and Head of Derivative Operations for NatWest.

Carol Sergeant 8
Independent Non-executive Director

Carol Sergeant CBE was appointed to the Board in July 2015. She chairs the Board's Risk Committee and is also a member of the Audit and Nominations Committees.

She was a Non-executive Director at Secure Trust Bank plc until December 2015. She has enjoyed a distinguished City career, holding various senior positions, including Head of Major Banks' Supervision at the Bank of England, Managing Director at the Financial Services Authority and Chief Risk Officer at Lloyds Banking Group.

She is the Chair of the Standards Policy and Strategy Committee of the British Standards Institute, Trustee of the Lloyds Register Foundation and Chair of the UK whistle blowing charity, Public Concern at Work. She is currently a Non-executive Director at Danske Bank Group.

Angela Knight 4
Senior Independent Non-executive Director

Angela Knight was appointed to the Board in September 2011. She is a member of the Audit, Remuneration and Nominations Committees.

She was formerly the Chief Executive of Energy UK until 31 December 2014, the Chief Executive of the British Bankers' Association from 2007 to 2012 and the Chief Executive of the Association of Private Client Investment Managers and Stockbrokers from 1997 to 2006. She was also formerly the Member of Parliament for Erewash from 1992 to 1997, serving as a Treasury Minister from 1995 to 1997. Her previous Non-executive Director appointments include Lloyds TSB plc, Scottish Widows, LogicaCMG plc, Transport for London, Port of London Authority and Brewin Dolphin Holdings plc.

Angela was appointed as a Non-executive Director of Taylor Wimpey Plc on 1 November 2016 and Arbuthnot Latham & Co Ltd in October 2016. She is also Chair of Tilman Brewin Dolphin and the Office of Tax Simplification.

Roger Perkin 5
Independent Non-executive Director

Roger Perkin was appointed to the Board in July 2012. He is Chairman of the Audit Committee and a member of the Risk and Nominations Committees.

He was a partner at EY and spent 40 years in the accounting profession before retiring from the firm in 2009. He was formerly a Non-executive Director at The Evolution Group plc until its acquisition in December 2011, Friends Life Group until its acquisition in April 2015 and Nationwide Building Society until July 2016.

He is a Non-executive Director of Electra Private Equity plc and AIB Group (UK) plc. He is a trustee of two charities, Chiddingstone Castle and The Conservation Volunteers.

Stephen Pull 6
Independent Non-executive Director

Stephen Pull was appointed to the Board in September 2011. He is Chairman of the Remuneration Committee and a member of the Nominations Committee.

He was Chairman of Corporate Broking at Nomura between 2008 and 2011 following its acquisition of Lehman Brothers Europe for whom he worked from 2002 as Head of Corporate Broking, and then as Chairman of Corporate Broking. He has also held a number of other senior roles in the City, including Managing Director of Corporate Broking at Merrill Lynch and Head of UK Equity Sales at Barclays de Zoete Wedd.

Corporate governance report

Leadership

The Board currently comprises two Executive Directors, five independent Non-executive Directors and a Non-executive Chairman. Over half the Board is therefore composed of independent Non-executive Directors.

The Chairman, Rupert Robson, was independent of the Company and management at appointment but, as Chairman, is not classified as independent under the Code. His other significant commitments are noted in his biography on page 44.

The Directors' biographies demonstrate the depth and breadth of experience and skill available to the Board. Six of the Directors (including five of the Non-executive Directors) have extensive experience at senior levels in the financial services sector. Two of the Directors are chartered accountants, one of whom was an audit partner in a major firm of accountants. The Chief Financial Officer has been CFO of several other companies.

There is a clearly defined and documented division of responsibilities between the Chairman and the Chief Executive, reviewed annually. The primary responsibility of the Chairman is to lead the Board. The primary responsibility of the Chief Executive is to run the Group's operations, maintaining effective management and developing and implementing strategy to maximise shareholder value.

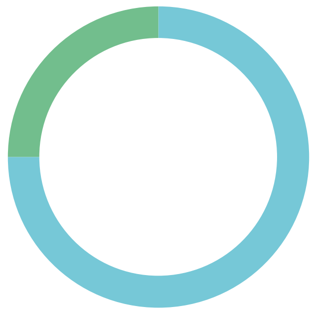
The Board allows Executive Directors to take up appointments with other companies provided the time involved is not too onerous and would not conflict with their duties here.

The terms of the Directors' service agreements and letters of appointment are summarised in the Report on Directors' Remuneration. Non-executive Directors' contracts are for specific terms and subject to annual re-election by shareholders. The service agreements and the letters of appointment are available for inspection during normal business hours at our registered office, and at the AGM from 15 minutes prior to the meeting until its conclusion.

The Nominations Committee conducts the search for Board candidates on merit against objective criteria, though with due regard to the benefits of diversity on the Board, including gender. We would like to increase the percentage of female Board members as quickly as we are able. However, we do have a fundamental obligation to ensure we appoint candidates who are best able to promote the success of the Company. Our ability to appoint female Board members depends on the recruitment, development and retention of women both within our Group and throughout the business and professional community. Therefore our success in recruiting will be subject to the availability of suitable candidates.

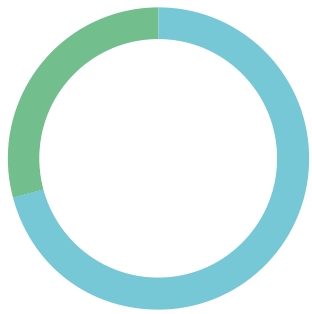
Additionally, and in light of the independent Board evaluation outlined on page 48, the Nominations Committee will be searching for two new independent Non-executive Directors, one from the Americas and one from Asia Pacific, to join the Board during 2017.

Diversity



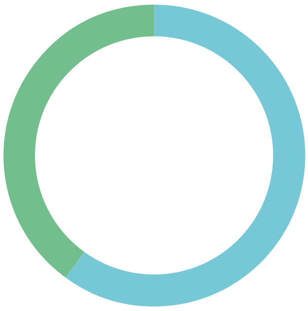
Male Directors	75%
Female Directors	25%

Independence



Independent Directors excluding the Chairman	71%
Executive Directors	29%

Length of Non-executive Directors' tenures



Under 3 years	40%
3 – 6 years	60%

Independence of Directors

The Board has determined that all of the Non-executive Directors are independent in character and judgement, and there are no relationships or circumstances which are likely to affect, or could appear to affect, any Director's judgement. The Senior Independent Non-executive Director is responsible for discussing with shareholders any concerns they have failed to resolve through the normal channels of Chairman, Chief Executive or Chief Financial Officer, or for which such contact is inappropriate. The Senior Independent Non-executive Director provides a sounding board for the Chairman and is available to act as an intermediary for other Directors when necessary.

Delivering the Board's strategy

The GEC chaired by John Phizackerley is responsible for ensuring the successful implementation of our strategy, and will monitor and govern the commercial and financial performance across the regions, global business lines and global corporate functions. After a rigorous and extensive review of the best initial structure for TP ICAP, and following the acquisition of ICAP on 30 December 2016, the composition of the GEC is as follows:

Regional leadership

Frits Vogels	CEO ICAP EMEA, CEO TP ICAP EMEA
James Potter	CEO Tullett Prebon EMEA, Deputy CEO TP ICAP EMEA
John Abularrage	CEO Tullett Prebon Americas, CEO TP ICAP Americas
Nick Deflora	CEO ICAP Americas, Deputy CEO TP ICAP Americas
Hugh Gallagher	CEO ICAP APAC, CEO TP ICAP APAC
Barry Dennahy	CEO Tullett Prebon APAC, Deputy CEO TP ICAP APAC

Business leadership

Nicolas Breteau	CEO, Tullett Prebon Global Broking
David Casterton	CEO, ICAP Global Broking
Frank Desmond	CEO, TP ICAP Data & Analytics
Andrew Polydor	CEO, TP ICAP Energy & Commodities
Sam Ruiz	CEO, TP ICAP Institutional Services

Corporate leadership

John Phizackerley	Chief Executive and Executive Director
Andrew Baddeley	CFO and Executive Director
Carrie Heiss	Group Head of HR
Mihiri Jayaweera	Group Head of Strategy
Giles Triffitt	Group Chief Risk Officer
Philip Price	Group General Counsel and Head of Compliance
Rebecca Shelley	Group Head of Corporate Affairs

Corporate governance report
continued

Effectiveness

Board evaluation
At the December 2016 Board meeting, we discussed the results of an independent Board and committee evaluation undertaken by Independent Audit. While the Board evaluation confirmed that the Board and its committees operate effectively, with all Directors contributing to the success of the Group, it did identify two important areas for refinement and optimisation. This is against the background that TP ICAP is now the world's largest interdealer broker. We are not just integrating two companies over the next two to three years, thereby generating substantial shareholder value, but making sure that by the end of that process we are fit for purpose for the next decade. We have determined that we need to enhance the composition of the Board and adapt the way in which we run Board meetings.

While we have made some progress on gender diversity, we have not on cultural or international diversity. For this reason we will recruit two new Non-executive Directors, one from the Americas and one from Asia Pacific. In doing this, we also need to achieve a diversity of skills, adding more markets skills to those we have in risk, audit, technology and banking.

The challenge facing all financial services boards is to cope with the necessary oversight of compliance and regulation at board level over and above the requirements of normal corporate governance whilst preserving an appropriate level of strategic and financial dialogue. So we need to refine the way we conduct Board business to allow explicitly for a greater degree of business and strategic discussion as well as more sectoral and competitive data insight and discussion. This will include a step up in the interaction of the Board with management and staff below Board level.

Role of Board and committees
The Board has a formal Schedule of Matters reserved to it for decisions, which you can view at www.tpicap.com.

Beneath the Board is a structure setting out the authority levels delegated to the individual Directors and senior management.

The Board has Audit, Remuneration, Risk and Nominations Committees, to which it delegates some of its responsibilities. Each committee's Terms of Reference can be viewed at www.tpicap.com. The Board reviews these terms each year to ensure they cover the relevant areas. You can find separate reports for the Nominations, Audit, Risk and Remuneration Committees later in this section.

The Board and its committees are provided with appropriate and timely information. All Directors receive written reports before each meeting, helping them make informed decisions on corporate and business issues.

All Board meetings are minuted and any unresolved concerns are recorded in those minutes.

The Group has a comprehensive system for financial reporting, subject to review by internal and external audit. Budgets, regular re-forecasts and monthly management accounts including KPIs, income statements, balance sheets and cash flows are prepared at all levels of the business and the Board reviews consolidated reports of these.

The Board has a schedule of eight meetings a year to discuss the Group's ordinary course of business. Every effort is made to arrange these meetings so all Directors can attend; additional meetings are arranged as required. Due to the acquisition of ICAP there were additional meetings in 2016.

The table on page 49 shows the Board and committee attendance record during the year.

The Company Secretary is responsible for ensuring the Board stays up to date with key changes in legislation which affect the Company. The appointment or removal of the Company Secretary is a matter reserved for the Board.

All Directors have access to the services of the Company Secretary, and there are procedures in place for taking independent professional advice at the Company's expense if required. The Company maintains liability insurance for its Directors and officers.

Board activity during 2016
During the year the main focus of Board meeting discussion was the acquisition of ICAP, which took up a substantial amount of the Board's time. The other key areas discussed and reviewed by the Board in 2016 were as follows:

- Chief Executive's Reports
- Chief Financial Officer's Reports
- principal risks faced by the Company
- reports of the activities of the Audit, Risk, Remuneration and Nominations Committees
- delivery of the ten arrows
- responsibilities and obligations under the Listing Rules and Disclosure and Transparency Rules
- conflicts of interest
- corporate governance updates
- investor relations reports
- Board evaluation
- culture, people, development, succession planning
- approval of year end results, the Annual Report and Accounts, the AGM Circular and dividends.

Board and committee membership attendance record[3]

	Board[1,2]	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Executive Directors					
John Phizackerley	8/8	–	–	–	–
Andrew Baddeley (appointed 13.05.16)	5/5	–	–	–	–
Paul Mainwaring (resigned 05.05.16)	2/2	–	–	–	–
Non-executive Directors					
Rupert Robson	8/8	–	–	–	2/2
Angela Knight	8/8	4/4	–	5/5	2/2
Roger Perkin	8/8	4/4	4/4	–	2/2
Stephen Pull	8/8	–	–	5/5	2/2
Carol Sergeant	8/8	4/4	4/4	–	–
David Shalders	8/8	–	4/4	5/5	–

Notes:
1 Excludes meetings of committees of the Board appointed to complete routine business or business previously approved by the Board.
2 Eight scheduled Board meetings were held during the year. The Board had various other meetings and calls primarily in connection with the acquisition of ICAP. Due to the short notice of these meetings David Shalders and Carol Sergeant were each unable to attend one of these meetings. They provided input to the Chairman in advance of the meeting so their views were known by other Board members.
3 Shows attendance of Board and committee members only.

Board development
Induction, professional development and corporate awareness
All Directors receive an induction on joining the Board, with relevant training available. The Chairman is responsible for ensuring Directors continually update their skills and knowledge, and familiarity with the Company, so as to fulfil their role. The Audit, Risk and Remuneration Committees receive regular briefings on relevant current developments. The Board is kept informed of any material shareholder correspondence, broker reports on the Company and sector, institutional voting agency recommendations and documents reflecting current shareholder thinking. In addition, members of the GEC make presentations to the Board.

The Non-executive Directors take advantage of relevant conferences, seminars and training events, and receive training materials from the Company and other professional advisers. They are also able to meet members of the management teams regularly, and periodically visit the Company's international offices, usually in connection with other activities.

Performance evaluation
This year, we evaluated the effectiveness and commitment of individual Directors to identify the need for any training or development. Over the last three months the Chairman met the Non-executive Directors in the absence of the Executive Directors to evaluate the performance of the individual Executive Directors. Similarly, the Senior Independent Non-executive Director and the other Non-executive Directors met to evaluate the Chairman's performance, having first obtained feedback from the Executive Directors. They also considered the Chairman's commitment of time to the Company in light of his other commitments, as noted in his biography on page 44, and concluded that he fully satisfied his obligations to the Company. All provided appropriate feedback following these meetings. The Chairman has also provided feedback on performance to the Non-executive Directors.

Relations with shareholders

The Board recognises the importance of communicating with shareholders. The Company website, www.tpicap.com, provides information for shareholders and prospective investors on the Group's activities, results, products and recent developments.

We enjoy regular dialogue with institutional investors, fund managers and analysts, which includes providing presentations of the results announcements, and also meetings on request. The Company has held a number of investor roadshows in the UK, US, France and Germany as well as individual meetings with shareholders and sell side analysts. During 2016 the Company recorded a webcast of its 2016 interim results presentation, which is also now available to download on the Company's website. There was particularly intense dialogue with certain shareholders during the recent formulation of the proposed new Remuneration Policy.

All Non-executive Directors are available to meet shareholders, if requested, and the Board is regularly updated on shareholder feedback and in particular any specific comments from institutional shareholders.

For future dividends, the Company has in place a facility for payments to be made by CREST.

Annual General Meeting
The Board uses the AGM to communicate with investors and welcomes their participation. We send notice of the AGM and related papers to shareholders at least 20 working days before the meeting. The Chairman aims to ensure all Directors, including chairs of the committees of the Board, are available at AGMs to answer questions and meet shareholders. The proxy votes cast on each resolution proposed at general meetings are disclosed at those meetings. To encourage shareholder participation, shareholders whose shares are held on the CREST system are offered the facility to submit their proxy votes through CREST.

Report of the Nominations Committee

Rupert Robson
Chairman, Nominations Committee

Chairman's Statement

Composition

The Nominations Committee (the 'Committee') is chaired by Rupert Robson. The other members throughout the year were Angela Knight, Roger Perkin and Stephen Pull. The other Non-executive Directors and Executive Directors are invited to attend meetings where appropriate. David Shalders and Carol Sergeant joined the Committee in January 2017.

All members of the Committee, other than the Chairman, are Independent Non-executive Directors.

The Board has delegated responsibility to the Committee for:

> reviewing the balance and skill, knowledge and experience of the Board
> agreeing and implementing procedures for the selection of new Board appointments
> making recommendations to the Board on all proposed new appointments, elections and re-elections of Directors at AGMs

The Committee is authorised to obtain all necessary information from within the Company, and to access professional advice from inside and outside the Company, as it considers necessary.

The Terms of Reference of the Committee are available at www.tpicap.com

Work of the Nominations Committee

The main tasks of the Committee are to consider Board composition and manage succession planning. The Company has plans in place for orderly succession for appointments to the Board and to senior management, to maintain an appropriate balance of skills and experience within the Company and on the Board, and to ensure the progressive refreshing of the Board.

This included the nomination of Andrew Baddeley as Chief Financial Officer of the Company, and also the search for new Non-executive Directors as outlined previously. It also includes supporting the Board in its work with respect to diversity. The Committee agreed formal succession plans in the event that the Chief Executive or Chief Financial Officer were absent on short notice.

In February the Committee similarly agreed with the Chief Executive's formal succession plans for each member of the GEC. The Committee also considered longer term succession within the Group at a senior level, and has discussed this topic with the CEO and the Group Head of HR.

The external search consultancy retained by the Board in respect of the appointment of Andrew Baddeley was MWM. The Company does not have any connection with MWM.

In May the Committee met to review in depth the governance structure of TP ICAP and how this would be appropriately resourced to achieve a successful TP ICAP integration, to establish the Group as a platform for growth, transform the business in line with the strategic plan and to make it fit for the future.

Rupert Robson
Chairman
Nominations Committee
14 March 2017

Report of the Audit Committee

"We have monitored the integration plan recognising that the harmonisation of good financial controls is essential following the acquisition of ICAP."

Roger Perkin
Chairman, Audit Committee

Chairman's Statement

Dear shareholder
As Chairman of the Audit Committee (the 'Committee'), I am pleased to introduce this report which sets out how the Committee has discharged its responsibilities during the year. The Committee's primary focus is to ensure the integrity of financial reporting by reviewing the controls in place and those areas where judgement is required.

One of the key areas for the Committee this year has been discussing the arrangements for the internal and external audit of the business and companies acquired through the acquisition of ICAP as well as the accounting judgements in respect of the acquisition. We have monitored the integration plan recognising that the harmonisation of good financial controls is essential following the acquisition of ICAP.

Outside of the formal Committee meetings, I maintain regular dialogue with internal and external auditors. I visited the Group in Singapore and New York where I met with both local management and auditors in order better to understand local issues and the respective audit arrangements.

I regularly report to the Board on how the Committee has discharged its responsibilities. As requested by the Board, the Committee has considered the processes and controls in place to help ensure that the Annual Report presents a fair, balanced and understandable view of the business. As a result of this work the Committee concluded that the processes and controls were appropriate and was able to provide positive assurance to the Board.

The Committee undertook a thorough annual self- assessment of its performance and effectiveness to review that good governance practices are in place.
The results indicated that the Committee was effective in carrying out its duties.

The Risk Committee has primary oversight of the Group's risk management framework and complements the review of the control framework undertaken by the Committee. The Report of the Risk Committee is set out on page 54.

Roger Perkin
Chairman
Audit Committee
14 March 2017

Composition
Roger Perkin chaired the Committee during the year. The other members of the Committee during the year were Angela Knight and Carol Sergeant. All members of the Committee are Independent Non-executive Directors. The Committee Chairman has recent and relevant financial experience and the other members of the Committee also combine knowledge and experience of financial matters, risk management and internal controls. The Chairman of the Committee is also a member of the Risk Committee.

The table on page 49 sets out the Directors' attendance at Committee meetings during the year.

The Chairman, the Executive Directors, the Company's external and internal auditors, and other senior risk management and finance personnel all attend Committee meetings by invitation. Additionally, other members of management are invited to attend to update the Committee on progress in responding to auditor findings. The Committee has a discussion with the external auditor at least once a year without the Executive Directors being present, to ensure that there are no unresolved issues of concern.

Terms of Reference
The Committee is responsible for the effective governance of the Group's financial reporting, including the adequacy of financial disclosures and both the external and internal audit function.

The full Terms of Reference of the Committee are available on the Company's website, www.tpicap.com

Report of the Audit Committee continued

Areas of focus in 2016

The Committee was engaged in a number of activities during 2016, the more significant of which are described below:

> reviewing significant financial reporting judgements
> review of the Annual Report and Financial Statements and half year results
> reviewing the Group's basis for going concern and the longer-term viability statement
> review of the effectiveness of external audit
> review of external auditor independence
> review of the policy for, and provision of, non-audit services by the external auditor
> review of the effectiveness of the Group's systems of risk management and internal control
> review and approval of Internal Audit's annual audit plan
> review of the results and findings of Internal Audit's work
> review of the effectiveness of Internal Audit
> review of whistleblowing arrangements

The Committee members also received updates from the external auditor on accounting developments, corporate governance and viability statement requirements.

Significant financial reporting judgements in 2016

The Committee considered the following judgements in connection with the 2016 Consolidated Financial Statements and were satisfied that the judgements were appropriate.

Accounting for the acquisition of ICAP

The accounting for the acquisition of ICAP is described in Note 30 to the Consolidated Financial Statements and the procedures adopted by the external auditor are described in their report.

Recognising that, at this stage, the acquisition accounting is provisional, the Committee understood the judgements taken by management, considered whether the information provided to the Group's external valuation specialists was complete and reviewed the procedures performed by the external auditor including the involvement of their own valuation specialists. Based on the above, the Committee is satisfied with the provisional accounting and related disclosures included in these financial statements.

Presentation of acquisition, disposal and integration related items

The approach to defining acquisition, disposal and integration related items is set out in Note 2(c) to the Consolidated Financial Statements. The Committee was most concerned to be satisfied as to the rationale for exclusion of items from underlying results and the subsequent presentation, ensuring that undue prominence was not given to non-statutory measures.

The above was challenged in Committee and the external auditor's view was sought and their procedures, as set out in their report, were reviewed. On the basis of the above, the Committee is satisfied as to the appropriateness of the definition, the disclosure and the computation.

Impairment of goodwill and other intangibles

The Group's assessment of goodwill and other intangibles for impairment is described in Note 13 to the Consolidated Financial Statements; and the procedures adopted by the external auditor are described in their report.

The Committee considered whether the facts taken into account were complete and consistent with the Group's business planning process, and challenged both management and the external auditor as to the extent to which they had examined potential stress outcomes to the base case used, particularly in respect of sensitivities to reasonably possible alternative assumptions.

Based on the above the Committee is satisfied with the process undertaken and the resultant financial statement impact.

Review of the financial statements

The Committee reviewed the integrity of the Consolidated Financial Statements included in the half-year and preliminary announcements of results and the 2016 Annual Report, prior to their approval by the Board.

When conducting the review, the Committee considered the continuing appropriateness of the accounting policies, important financial reporting judgements and the adequacy and appropriateness of disclosures. The Committee also reviewed the content of the Annual Report and advised the Board that, in its view, the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

Going concern and viability statement

The assumptions relating to the going concern review and viability statement were considered, including the medium term projections, stress tests and mitigation plans. On the basis of the review, the Committee advised the Board that it was appropriate for the Annual Report and Financial Statements to be prepared on the going concern basis. The Committee also reviewed the long term viability statement taking into account the Group's current position and principal risks and uncertainties and advised the Board that the viability statement and the three year period of the assessment were appropriate.

External auditor effectiveness and independence

In considering the 2016 Annual Report, the Committee reviewed the objectivity and independence of the external auditor. The Committee considered the professional and regulatory guidance on auditor independence and Deloitte's policies and procedures for managing independence and was satisfied with the auditor's representations.

During the year the Committee considered the effectiveness of the external audit process including their expertise, efficiency, global service delivery and cost effectiveness. This review included consideration of the FRC's Annual Quality Inspection Annual Report 2015/16 on Deloitte and its review of Deloitte's 2015 audit of the Group. It also included a review of the external auditor's plans for the audit of the combined Group, and incorporated feedback received from senior management. The effectiveness of management in the external audit process was also assessed, principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements, management's approach to the value of independent audit and the booking of any audit adjustments arising and the timely provision of draft public documents for review by the external auditor and the Committee.

The FRC's Audit Quality Review ('AQR') team monitors the quality of audit work of UK audit firms. During 2016, the AQR reviewed

Deloitte's 2015 audit of the Group. The review did not note any findings and commended Deloitte on the particularly high standard of their planning and risk assessment and co-ordination and review of component auditors.

The conclusion of the Committee was that the 2016 external audit had been effective.

Non-audit services
In order to safeguard the external auditor's independence and objectivity, the Company does not engage Deloitte for any non-audit services except where it is work that they must, or are clearly best suited to, perform. All proposed services must be pre-approved in accordance with the non-audit services policy, which is reviewed and approved annually. As part of the EU audit reform, with effect from 1 January 2017, the FRC's Ethical Standard places further restrictions on auditors undertaking non-audit services. Accordingly, we have revised our policies for the engagement of the external auditor to undertake non-audit services.

The Committee reviewed the level of fees paid to the external auditor in respect of the various non-audit services provided during 2016 (which are disclosed in Note 6 to the Consolidated Financial Statements). During the period under review the non-audit services performed by the external auditor amounted to £1.4m, 39% compared with the £3.6m of audit fees. These non-audit services include £0.9m of fees related to the acquisition of ICAP, in respect of due diligence services (£0.3m) and acting as reporting accountant (£0.6m), which the Committee believed Deloitte were clearly best placed to provide due to their knowledge of the business and the synergies that existed between this work and the 2016 external audit of the Group. Excluding these fees, the proportion of non-audit fees to audit fees was 14%. Deloitte confirmed to the Committee that they did not believe that the level of non-audit fees had affected their independence.

External audit tenders
Deloitte has been the Company's auditor since its listing in December 2006.

In 2013 the Board put the external audit contract out for tender and concluded that Deloitte should be re-appointed and that a new lead audit partner, Robert Topley, would be appointed to the Company's audit by Deloitte in 2014 in accordance with normal rotation practices. The Committee will monitor developments in best practice with regard to audit tender arrangements.

At the same time that the external audit was put out for tender, the Committee also reviewed the Company's internal audit arrangements. The Committee concluded that its internal audit services will continue to be outsourced.

In the context of the acquisition of the ICAP business, the Committee considered the audit arrangements for the combined Group going forward. It concluded that in light of the recent audit tender referred to above and taking into account the results of the review of the effectiveness of the external audit above, the Committee would continue with Deloitte as external auditor of the newly enlarged Group.

The Company confirms its compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the year ended 31 December 2016. The Committee is now solely responsible for negotiating and agreeing the external auditor's fees, agreeing the scope of the statutory audit, initiating and supervising a competitive tender process for the external audit where appropriate to do so, and make recommendations to the Board as to the external auditor's appointment pursuant to any such process.

Risk management and internal control
The Board is responsible for setting the Group's risk appetite and ensuring that it has an appropriate and effective risk management framework and for monitoring the ongoing process for identifying, evaluating, managing and reporting the significant risks faced by the Group. The ERMF and principal risks are described in the Risk Management section of the Strategic Report.

The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss. In discharging its responsibilities in this respect, the Board has appointed the Committee to carry out an annual review of the effectiveness of the internal control and risk management systems and to report to the Board thereon. The Committee conducted a formal review of the effectiveness of the Group's internal control systems for 2016, considering reports from management, external audit and the work of the Group Risk and Internal Audit functions.

This process has been in place for the year under review and up to the date of approval of the Annual Report, is reviewed regularly by the Board and accords with the FRC's 'Internal Control: Guidance for Directors'.

Internal Audit
The Committee is responsible for monitoring and reviewing the effectiveness of Internal Audit. The internal audit plan is approved by the Committee and kept under review during the year, in order to reflect the changing business needs and to ensure new and emerging risks are considered. During 2016 the Committee reviewed the work and reports of Internal Audit, together with implementation of internal audit recommendations and monitored progress against the internal audit plan during 2016 to ensure that the audit plan had been completed effectively.

The Committee reviewed and approved the internal audit plan for the new internal audit year, running from 1 July 2016 to 30 June 2017, prepared by the Head of Internal Audit, and reviewed the work and reports of Internal Audit since 1 January 2016.

Taking account of both the effective performance of the outsourced internal audit provider to Tullett Prebon and that they also acted as internal auditor of ICAP, the Committee confirmed their continuing appointment in respect of the enlarged Group.

Subsequent to the year end, following the acquisition of ICAP, the Committee has approved the updated internal audit plan for the combined business for the first half of 2017.

Whistleblowing
The Committee reviewed arrangements by which employees may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters. In conducting the review, the Committee took into account whether the policies were in line with guidance published by the FCA.

Report of the Risk Committee

"Overall I can report good progress on strengthening the risk policies and infrastructure, and preparation for the acquisition of ICAP."

Carol Sergeant
Chairman, Risk Committee

"The Committee's role is not to eliminate risk, but rather to consider and recommend to the Board the Group's risk appetite... such that risks are reasonable and appropriate for the Group and can be managed and controlled."

Chairman's Statement

Dear shareholder
As Chairman of the Risk Committee (the 'Committee'), I am pleased to introduce this report which sets out how the Committee discharged its responsibilities during 2016. The Committee's role is not to eliminate risk, but rather to consider and recommend to the Board the Group's risk appetite, risk principles and policies such that the risks (including reputational risk) are reasonable and appropriate for the Group, and can be managed and controlled within the limits of the financial, human and systems resources of the Group; and finally, to ensure the adherence to these principles and thresholds.

During 2016, in addition to chairing the Committee, I have attended key meetings of the Executive Risk Committee and Technology Risk Committee, and travelled to Singapore, Hong Kong and New York to review the regional risk functions and Risk Committees and I was satisfied that these committees are fit for purpose. I plan to continue attending Executive Risk Committees from time to time, and report on any findings to the Committee.

As part of our on-going commitment to the strengthening of our governance, the length and format of the management information reviewed by the Committee has been subject to review and improvement; additionally a new policy framework has been implemented and the Committee has challenged and approved 17 new Group Policy Statements, beneath which sit all of the Group's policies.

We have also approved the adoption of a fully transparent process for risk acceptance where mitigation is not economically or practically viable. As in 2016 I will continue to request that leaders of our business attend the Committee to demonstrate strong risk control measures and effective execution in each business.

Overall I can report good progress on strengthening the risk policies and infrastructure, and preparation for the successful acquisition of ICAP.

Carol Sergeant
Chairman
Risk Committee
14 March 2017

Composition
Carol Sergeant chaired the Committee during the year. The other members of the Committee during the year were Roger Perkin and David Shalders. All members of the Committee are Independent Non-executive Directors. The Committee Chairman has recent and relevant risk experience. The Chairman of the Committee is also a member of the Audit Committee.

The Chairman, the Executive Directors, the Company's external and internal auditors, and other senior risk management and finance personnel attend Committee meetings by invitation.

Terms of Reference
The Terms of Reference of the Committee are available on the Company's website, www.tpicap.com.

Work of the Risk Committee during 2016
Preparation for the acquisition of ICAP has been a key feature of the work of the Committee this year, and as such it has approved the Company's target operating models for Risk and Compliance, recommended the appointment of the Chief Risk Officer, and provided approval in principle for the Group's risk governance structure.

The Committee routinely asks business leaders to present an overview of their risk management practices; during 2016 HR, Compliance and Technology leaders were challenged by the Committee on this subject. Further such business reviews are scheduled for 2017. 'Deep dive' presentations on the risks associated with key business issues (such as the exchange give-up process and the prime brokerage business) were also reviewed and challenged by the Committee in 2016.

The Committee receives comprehensive reporting on all of the Group's main risks and has continued to apply particular focus to the key risk issues faced by the organisation, and has undertaken additional work in these areas.

The ICAP acquisition
The Committee has continued to review and challenge the risks associated with the acquisition, as well as the plans to align the risk appetite and policy framework of the respective organisations. A combined business activity review was presented to the Committee, considering the business currently undertaken by ICAP but not by Tullett Prebon. The Committee has commissioned a review of the control environment of business activities which are new to the Group for review and challenge during the second quarter of 2017.

People and culture
The Committee has challenged and approved initiatives to enhance conduct and culture; these include Leadership training for broker Desk Heads and policy, conduct and behaviour awareness programmes (5 things that you need to know).

Cyber security
During 2016 the Committee received an independent external review of the Group's cyber security arrangements. The Committee also challenged deep dive presentations from the Group Chief Information Officer on this subject, which remains a focus both for the Committee and TP ICAP's Executive.

Compliance
The Committee receives regular Compliance updates from the Group General Counsel and Head of Compliance. We have reviewed the work undertaken to ensure compliance with current regulatory requirements and 'lessons learned' from legacy issues.

The Committee authorised the introduction of both a new trade surveillance system, and a unified communications surveillance tool.

Other operational risk
Operational risk accounts for the majority of the Company's risk exposure. The Committee receives extensive data including information on loss events and near-misses with a view to ensuring that appropriate corrective actions and preventative measures are put in place. The Committee has also reviewed and challenged the output of the Global Risk and Control Self-Assessment process.

Report on Directors' Remuneration

"The ICAP acquisition is transformational. Our proposed remuneration policy has been developed to realise the potential of this unique opportunity."

Stephen Pull
Chairman, Remuneration Committee

Chairman's statement

Dear shareholder
On behalf of the Board, I am pleased to present the Directors' Remuneration Report ('DRR') for the year to 31 December 2016. The report comprises:

> the Annual Report on Remuneration, which explains how we applied our Policy in 2016; and
> the proposed Directors' Remuneration Policy for 2017-2019

We will be seeking approval for the 2016 DRR and for the new Directors' Remuneration Policy at the AGM to be held in May 2017.

Performance and reward outcomes for 2016
In 2016, we have again achieved a substantial increase in the Bonus Pool Operating Profit (see page 62), despite the difficult business environment that prevailed for much of the year. In the context of a hugely transformational year, the results were very strong seeing a 22% increase year on year in terms of underlying operating profit and achieving a Total Shareholder Return ('TSR') for 2016 of 25%.

Executive Director bonuses are calculated with respect to Bonus Pool Operating Profit although, as in 2015, we have capped the Bonus Pool Operating Profit at 150% of the prior year giving a 2016 Bonus Pool Operating Profit of £121.05m. It would have been £124.3m if the cap had not operated.

Our Chief Executive is eligible for a bonus of 1.825-2.175% of Bonus Pool Operating Profit and our Chief Financial Officer is eligible for a bonus of 0.675-0.825% of Bonus Pool Operating Profit. The bonus awarded within the range is determined by the Executive Directors' performance against individual targets. The Remuneration Committee awarded our Chief Executive 33 basis points out of a potential 35 basis points for performance against these objectives, resulting in a 2016 bonus of £2,608,628. Our Chief Financial Officer was awarded 14 basis points out of a potential 15 basis points based on his performance against objectives, resulting in a 2016 bonus of £648,695. In 2016 our Executive Directors delivered an outstanding performance against personal objectives and in the intensive preparations required for the integration of ICAP. We report on the individual performance objectives in detail on pages 63 and 64. For the Chief Financial Officer, the 2016 Bonus was pro-rated to reflect the period he was employed during 2016.

The Executive Directors are required to invest 50% of their post-tax bonus in the Company's shares, retained for three years.

Departing Finance Director
As announced on 6 May 2016, Paul Mainwaring stood down as a Director of the Company and subsequently left employment on 30 June 2016 (the 'Termination Date'). He will not receive a bonus for 2016 and his outstanding Long Term Incentive Scheme ('LTIS') awards have been pro-rated in line with the rules of the plan. Full details on the payments made to Paul Mainwaring are set out on pages 67 and 68.

Base salary restraint
In accordance with our Remuneration Policy, approved by shareholders in 2014, our Chief Executive received no base salary increase in 2016.

Looking ahead – our new Remuneration Policy
During 2016, working with our advisors New Bridge Street, we undertook a fundamental review of our Directors' Remuneration Policy (the 'Policy') in light of the expected (and now completed) acquisition of ICAP. This Acquisition is transformational. The combined business has the opportunity to achieve substantial synergies and, in turn, significant cost savings, increases in revenue and growth in EPS over the medium term. Our new Policy strongly aligns the interests of management and shareholders with the successful integration of ICAP. We have designed the new Policy specifically to encourage the Executive Directors to aim to achieve the demanding synergy targets arising from the acquisition, and to create shareholder value. The Policy covers the expected period it will take to integrate the two businesses, which is three years from January 2017.

We are putting forward this Policy after consulting with shareholders and their representatives, who together form the majority of our share register, as well as a second, intensive, consultation with our leading shareholders. I am especially grateful to our leading shareholders for their prompt and helpful response which has determined the structure of our proposed Policy.

The GEC will also participate in the same Long Term Incentive Plan ('LTIP') as the Executive Directors, to ensure the GEC's long term reward potential is aligned to the same overarching performance goals. It should be noted that, whilst this approach creates alignment, the basic structure of remuneration differs as between the Executive Directors and the other members of the GEC. The LTIP is a fundamental element of Executive Director remuneration, to the extent that it pays out, whereas the LTIP is largely incremental for the other members of the GEC and therefore only partially substitutes for standard remuneration.

In summary, we have rebalanced compensation towards long-term performance and the delivery of shareholder value. For the Executive Directors, the total cash opportunity (salary and bonus) will be substantially lower under the new Policy than in 2016, while we have enhanced long-term pay to reward our executive team for the creation of sustainable shareholder value over the medium term.

Proposed Remuneration Policy

The proposed Policy directly aligns to our strategy.

Fixed remuneration

Chief Executive

John Phizackerley joined the Company in September 2014. His starting salary was £550,000, markedly lower than his predecessor (whose salary was £650,000). This reflected that he was new to the role. The Company's Policy is to offer very modest additional benefits compared with practices common elsewhere: neither Executive Director receives a pension contribution nor cash in lieu of a pension contribution, and benefits in 2016 were £1,000 for each Executive Director.

John Phizackerley's performance since he joined has been excellent – leading the acquisition of ICAP while achieving a strong financial performance at Tullett Prebon. Over two years, underlying operating profit is up 31% to £131.5m (from £100.7m in 2014) and underlying operating margin has increased to 14.8% (from 14.3% in 2014).

The median total fixed pay for Chief Executives in the top half of the FTSE 250 is £736,000. John Phizackerley's current fixed pay is £551,000 and has not increased since he joined the Company.

In light of his performance over the last two years, his enlarged role following the acquisition of ICAP, and external market data, the Board feels an increase in base salary to £600,000 is fully justified; this would be effective from 1 January 2017. As he does not receive a pension allowance and benefits are negligible, the Chief Executive's total fixed pay remains significantly below the market median.

Chief Financial Officer

The annual fixed pay for our Chief Financial Officer, Andrew Baddeley, was £400,000 when he joined the Company in May 2016. This compares with a median total fixed pay of £486,000 for Chief Financial Officers in the top half of the FTSE 250.

Following the acquisition, as part of the harmonisation of salaries between the ICAP and Tullett Prebon GEC members, we expect salaries to be adjusted to between £425,000 and £500,000 depending on role and level of responsibility.

Taking account of the changes to Andrew's role as a result of the acquisition, the external market data and internal comparisons, we propose his salary becomes £425,000, effective from 1 January 2017. As with the Chief Executive, the CFO's total fixed pay remains significantly below the market median.

Annual discretionary bonus

We propose a more conventional capped annual bonus arrangement for the Chief Executive and the CFO, rather than the profit-share structure currently in place. The Chief Executive's maximum bonus opportunity will be 2.5 x base salary. The CFO's maximum bonus opportunity will be 2 x base salary. Pay-out under the annual bonus will depend on their achieving demanding financial and strategic performance targets aligned to our three-year integration plan, as well as adhering to our KPIs for conduct and risk appetite. For on-target performance, the plan would pay 60% of maximum, resulting in annual bonus pay-outs of £900,000 and £510,000 for the Chief Executive and CFO respectively. These are significantly lower than the actual bonuses paid for 2016 of £2,608,628 and £986,558 (annualised) respectively. They are also much lower than the potential pay-outs would be if the current Policy applied in 2017.

In addition, 50% of the actual bonus awarded each year will be deferred into shares, which will vest three years from the date of being granted. Strong malus and clawback provisions will also apply.

How the proposed Policy links to our strategy

Strategy	Short-term KPIs	Long-term KPIs
Successful integration of ICAP business > Realise significant cost synergies > Create additional efficiencies > Grow revenues > Capitalise on brand > Invest in talent > Leverage technology platform	**Annual bonus** Lead measures: > Employee culture > Strategic initiatives Financial measures: > Operating profit > Returns (RoE)	**Transformation LTIP** > Share price growth and dividends > Increased earnings per share

Report on Directors' Remuneration
continued

Transformation Long Term Incentive Plan

This is a one-off long-term plan aligned to the three-year integration period for Tullett Prebon and ICAP (January 2017 – December 2019). We have designed the LTIP to reward Executive Directors and the GEC for the value created from the acquisition, and to incentivise and retain them over the period of intense activity required to achieve the stated objectives. There would be no further awards under the existing LTIS over this period.

We gave very careful consideration to the merit of awarding LTIPs annually, as is the more common practice elsewhere. However, while an award in 2017 would align with the three-year integration period, awards in subsequent years would result in performance periods extending beyond 2019, which the Board believes would reduce the focus on the unique opportunity available to the Company.

We recognise that some of our shareholders prefer rolling long-term incentive awards. However, the Board's view, and that of our leading shareholders, is that the proposed Remuneration Policy provides the best means of focusing our Executive Directors and GEC on achieving the targets of the three-year integration plan. Retaining and motivating our senior team is essential if we are to reach this goal.

The proposed LTIP provides a maximum pool of £60m. This pool will be allocated between the Executive Directors and the wider GEC – 59% of the pool is reserved for the GEC while the Chief Executive will receive a 25% share (maximum pay-out £15m) and the CFO will receive a share of 16% (maximum pay-out £9.6m). As explained earlier, it should be noted that the annual target bonus potential for both the Chief Executive and the CFO will be substantially lower under the new Policy than in previous years.

At the end of the performance period, the LTIP pool will be determined (based on the absolute TSR and EPS performance described below) and converted into awards of shares. Shares will be subject to a holding period and will be released 1/3 in April 2021, 1/3 in April 2022 and 1/3 in April 2023. During the holding period, the shares cannot be sold (other than to cover the cost of any applicable taxes).

LTIP performance measures

Under the proposed LTIP, there are two performance elements which will determine the ultimate vesting under the plan: 75% of the weighting will be absolute TSR and the remaining 25% will be EPS. Incorporating two measures into the LTIP reflects the overall view of shareholders as shared during the consultation process.

The proposed performance targets are shown below. We have also shown the estimated total cost synergies required to achieve these targets, assuming a broadly constant share-price earnings multiple. This compares with the target of £60m published in our prospectus and £80m over three years and £100m over four years as stretching targets outlined on page 5. It is clear that these are very demanding targets indeed, and offers further demonstration of the Committee`s choice of a one-off three-year LTIP to focus management performance on these targets.

2019 Performance Targets	Weighting	Base	Threshold (25% pay-out)	Target (50% pay-out)	Maximum (100% pay-out)
TSR CAGR (Q1 2017 to Q1 2020)	75%	–	8%	11%	14%
Illustrative Share Price[1]		£4.65	£5.20	£5.65	£6.15
Illustrative value created[2]		–	£669m	£947m	£1,241m
2019 underlying EPS	25%	42.5p[4]	48p	54p	60p
Illustrative cost synergies[3]		£60m[5]	£85-£105m	£125-£145m	£160-£180m

Notes:
1 Actual base price will be the average 2017 Q1 share price. Excludes dividends paid.
2 Includes dividends paid and assuming unchanged dividends throughout the period.
3 Based on financial modelling which looks at the impact of multiple inputs.
4 Underlying Tullett Prebon EPS in 2016.
5 Cost synergy target published in prospectus dated 1 March 2016.

We have chosen absolute TSR as the primary measure for a number of reasons. It is clear and understandable by the wider management team, and correlates directly with the value created for shareholders. We concluded that relative TSR, while preferred by some shareholders, was less appropriate, as our two principal competitors, BGC Partners Inc. and Compagnie Financiare Tradition, do not have shares that are fully distributed. Relative TSR would therefore need to be measured relative to an index or a broader financial services comparator group. The Committee felt that this would considerably reduce the clarity of the scheme for management.

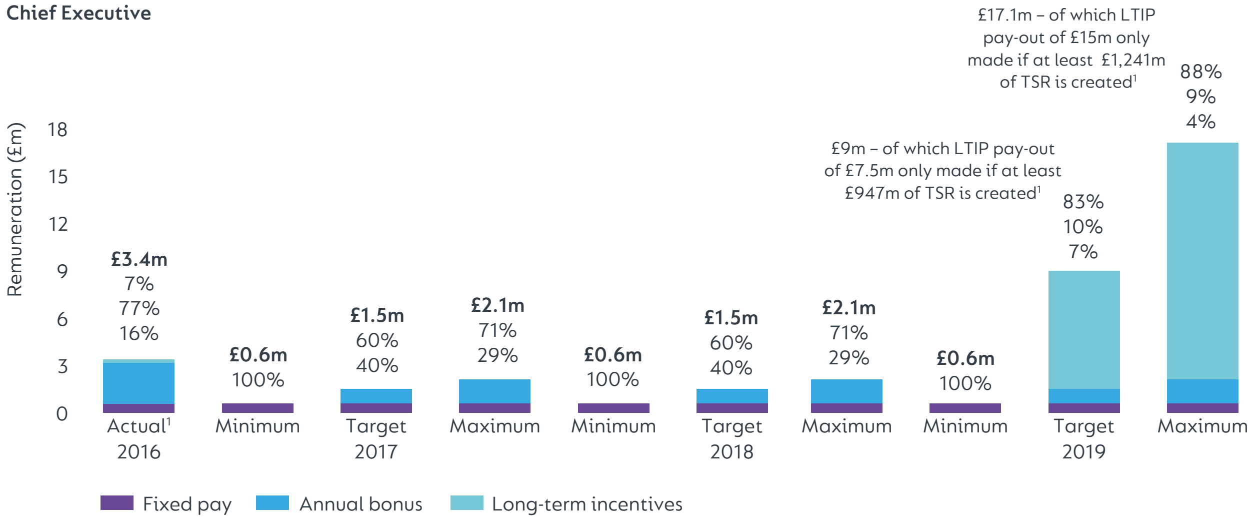
The threshold performance level of 8% reflects the wishes of our leading shareholders. This is also consistent with our TSR CAGR over the six years to 31 December 2016 of 8%.

With respect to the 2019 EPS targets, it should be noted that the prospectus stated that the ICAP acquisition is expected to dilute Tullett Prebon's EPS in the first year, that the delivery of cost synergies and additional efficiencies in the second year is expected to at least offset that dilution, and the acquisition is expected to result in EPS accretion on a fully-phased basis.

Opportunity under the new Policy

The Policy has been designed so that executives will only receive maximum pay-out if exceptional performance is achieved:

Chief Executive



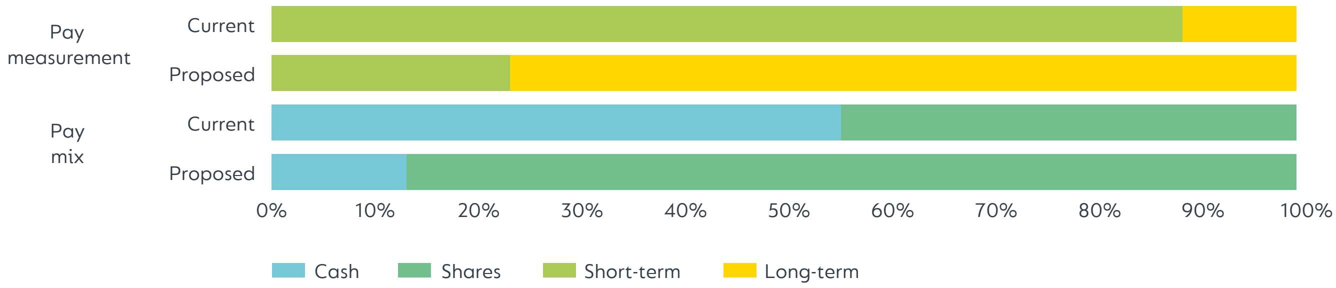
Chief Financial Officer

Notes:
1 Based on Chief Executive's 2016 single figure (includes 2014 LTIS vesting).
> based on illustrative base share price of £4.65.
> 2016 actual based on 2016 single figure (includes 2014 LTIS vesting).
> 2016 actual based on 2016 single figure.
> 2016 annualised includes 2016 LTIS award (valued at 50%).

Report on Directors' Remuneration
continued

Improving alignment with shareholders

The diagram below demonstrates the rebalancing of the total reward packages towards the longer term and reflects the significant reduction in annual bonus opportunity. The rebalancing results from the replacement of the current annual bonus calculation with a bonus cap expressed as a multiple of base.



Notes:

> current based on Chief Executive's actual bonus in 2016 and target LTIS (50% of grant). Proposed based on 'target' performance.

> pay measurements are based on variable pay only.

Summary of changes

Element	Current Policy	Revised Policy
Base salary	CEO: £550,000 CFO: £400,000	CEO: £600,000 CFO: £425,000
Annual bonus	CEO: 1.825 – 2.175% of Bonus Pool Operating Profit 2016 actual 4.7 x base CFO: 0.675 – 0.825% of Bonus Pool Operating Profit 2016 annualised: 2.5 x base	CEO: 2.5 x salary CFO: 2 x salary
Long-term incentives	Annual awards equivalent to the higher of aggregate base salary and 25% of the prior-year aggregate variable remuneration, settled in cash subject to TSR, cash flow and return on equity.	One-off three-year LTIP to cover integration period, with a maximum pool of £60m. 25% interest for CEO and 16% interest for CFO. 59% available to incentivise GEC. Two performance measures – absolute TSR (75%) and EPS (25%). Holding period post vesting of up to three years.
Shareholding requirements	CEO: 300% of base salary CFO: 150% of base salary	CEO: 300% of base salary CFO: 200% of base salary

I hope that you will agree that our revised Policy will increase alignment with long-term shareholder value and appropriately rewards Executives for meaningful returns delivered over the long-term.

Stephen Pull
Chairman Remuneration Committee
14 March 2017

Governance

The Remuneration Committee is chaired by Stephen Pull. The other members of the Remuneration Committee during 2016 were Angela Knight and David Shalders. All members of the Remuneration Committee are independent Non-executive Directors.

The Remuneration Committee is responsible on behalf of the Board for developing and maintaining formal and transparent policies on remuneration for the Company's employees, the framework in which that Policy is applied, and its cost. In addition, the Remuneration Committee regularly reviews remuneration policies to ensure that they continue to be compliant with the relevant corporate governance and regulatory requirements, including the Remuneration Code.

There has been no significant change to how the Remuneration Committee operates. The Terms of Reference of the Remuneration Committee are available on the Company's website, www.tpicap.com.

The Report on Directors' Remuneration has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UKLA Listing Rules and the UK Corporate Governance Code. The Companies Act 2006 requires the auditor to report to the Company's members on certain parts of the Report on Directors' Remuneration and to state whether in their opinion those parts of the report have been properly prepared in accordance with the regulations.

The Remuneration Committee Chairman's statement, the Directors' Remuneration Policy and certain parts of the Annual Report on Remuneration (indicated in that report) are unaudited.

Definitions used in this report
'Executive Director' means any executive member of the Board;

'Senior Management' means those members of the Company's Global Executive Committee (other than the Executive Directors) and the first level of management below that level;

'Broker' means front office revenue generators;

'Control Functions' means those employees engaged in functions such as Compliance, Legal, HR, Finance, Operations and Risk Control;

'Remuneration Code' means the Remuneration Code of the FCA; and

'2013 Regulations' means the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

Report on Directors' Remuneration
continued

Annual Report on Remuneration

The Annual Statement made by the Chairman on pages 56 to 60 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report on pages 62 to 70 is audited except where stated.

Members of the Remuneration Committee during the year were: Stephen Pull (Chairman), David Shalders, and Angela Knight.

The single total remuneration for each of the Directors who held office during the year ended 31 December 2016 was as follows:

	Salaries and fees		Benefits		Bonus[1]		LTIS		Pension		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Executive Directors												
John Phizackerley	**550**	550	**1**	1	**2,609**	1,699	**221**[6]	–	**–**	–	**3,381**	2,250
Andrew Baddeley[2]	**253**	–	**1**	–	**649**	–	**–**	–	**–**	–	**903**	–
Paul Mainwaring[3]	**123**	350	**1**	1	**–**	633	**98**[7]	80[8]	**–**	–	**222**	1,064
Non-executive Directors												
Rupert Robson[4]	**200**	196	**–**	–	**–**	–	**–**	–	**–**	–	**200**	196
Angela Knight	**65**	64	**–**	–	**–**	–	**–**	–	**–**	–	**65**	64
Roger Perkin	**70**	67	**–**	–	**–**	–	**–**	–	**–**	–	**70**	67
Stephen Pull[5]	**70**	67	**–**	–	**–**	–	**–**	–	**–**	–	**70**	67
David Shalders	**60**	59	**–**	–	**–**	–	**–**	–	**–**	–	**60**	59
Carol Sergeant	**70**	68	**–**	–	**–**	–	**–**	–	**–**	–	**70**	68
	1,461	1,421	**3**	2	**3,258**	2,332	**319**	80	**–**	–	**5,041**	3,835

Notes:
1 50% of the bonus is subject to investment in the Company's ordinary shares as detailed in the 2014 Directors' Remuneration Policy.
2 Appointed 13 May 2016. Prior to joining, Andrew Baddeley had a consultancy agreement with the Company through Ponos Consulting Ltd and received £16,800 in fees.
3 Stepped down 6 May 2016. See full details of termination payments on page 67.
4 In addition he received £4,000 as a pension trustee.
5 In addition he received £4,000 as a pension trustee.
6 Based on performance against TSR and Cash Flow performance measures. Performance against ROE metric will be assessed in June 2017 and any adjustments set out in the 2017 report.
7 Value of 2014 and 2015 LTIS vested. The award vested following the termination of employment on 30 June 2016. See page 68 for further information.
8 Based on performance to 31.12.15. Payment in respect of TSR and Cash Flow performance metrics was disclosed in the 2015 report. ROE was tested in June 2016, the 2015 amount has been adjusted to reflect performance against the ROE target. Further details are on page 68.

Fixed remuneration
The fixed remuneration of the Chief Executive, John Phizackerley remained unchanged throughout 2016 at £550,000. The fixed remuneration of the former Finance Director, Paul Mainwaring, remained unchanged in 2016 at an annual rate of £350,000. Andrew Baddeley, the Chief Financial Officer, received fixed remuneration for the period of employment from 6 May 2016 on a pro-rata basis reflecting an annual fixed remuneration of £400,000.

Executive	Base salary
John Phizackerley	£550,000
Andrew Baddeley	£400,000
Paul Mainwaring	£350,000

Annual bonus
The Remuneration Committee determined that the Bonus Pool Operating Profit for 2016 should amount to £121.05m.

The Remuneration Policy requires that for any bonus to be awarded to the Executive Directors, operating profit must exceed a threshold calculated as the weighted average cost of capital times the average capital employed. The Committee determined that the Bonus Pool Operating Profit had exceeded this threshold.

Bonus Pool Operating Profit
The maximum Bonus Pool Operating Profit is capped at 150% of the prior year Bonus Pool Operating Profit of £80.7m. The cap means that the 2016 Bonus Pool Operating Profit is restricted to £121.05m. Without the application of this cap, the Bonus Pool Operating Profit would have been £124.3m. This is based on reported operating profit of £73.3m adding back the acquisition and integration costs relating to the ICAP acquisition, the PVM acquisition related share-based payment charge and other PVM acquisition related items, less the net settlement gain relating to the bulk transfer exercise offered to deferred members of the Tullett Prebon defined benefit pension scheme.

Our Chief Executive is eligible for a bonus of 1.825-2.175% of Bonus Pool Operating Profit and our Chief Financial Officer is eligible for a bonus of 0.675-0.825% of Bonus Pool Operating Profit (pro-rata for time employed in 2016).

In determining annual bonus awards, the Committee also confirmed, in consultation with the Board Risk Committee, that the Company and individual Executives had operated within agreed risk controls and regulatory compliance requirements.

50% of the 2016 bonus net of tax has to be invested in the Company's ordinary shares to be held for three years and will be subject during this time to claw-back as described in the Directors' Remuneration Policy. The reinvestment requirement does not have any service or other non-performance conditions attached to it.

The actual bonus awards to each of the Executive Directors (within the range available) is based on their personal contribution, relative responsibilities and their performance against specific objectives agreed with each Executive Director during 2016:

Chief Executive (unaudited)
The Performance Objectives set for the Chief Executive, the allocation of the bonus pool for each objective, and the assessment by the Remuneration Committee of the performance against each objective is shown below.

Chief Executive performance targets	Potential award (Basis Points)	Overall score	Assessment of performance
Deliver day 1 integration (subject to deal completion – discretionary if incomplete)	3	3	Lead architect. Exceptional performance in establishing Day 1 management structure and overall business readiness for Day 1.
Improve operational efficiency (on a like for like basis) measured by operating margin	3	3	Underlying operating margin of 14.8% is 1.2% points higher than 2015 reflecting the full year effect of the investment and cost improvement being made in the business.
Improve the value and contribution outlook for the data business	3	1	Good financial results for TPI, but there is further scope to achieve significant growth in this area and to diversify revenue streams.
Continue to push CRM, diversify revenues from heritage businesses and further embed e-commerce into the businesses	4	4	Took every opportunity to drive the CRM agenda. Appointed a Global Head of CRM. Established the new Institutional Services division to drive the diversification of revenues and reduce reliance on traditional revenue streams.
Increase interaction with clients, shareholders and the media	2	2	Significant increase in public profile and overall media presence. Has established excellent relationships with clients and shareholders.
Continue to set the tone, drive and embed a risk management culture	3	3	Leads by example. Drove the agenda at Town Halls and through regular communication. Held the wider management team accountable for driving and embedding the risk management culture throughout the organisation. Reinforced the messaging through demonstrated support for key Risk initiatives including '5 Things that you need to Know'.
Continued development of best in class executive management team	3	3	Led senior leadership appointments including the hiring of the new CFO, Director of Corporate Affairs and CEO of Institutional Services.
Recruit next generation brokers	2	2	Championed the Early Career Programme. Clear and demonstrated commitment to bringing on board the next generation of brokers.
Continue to build relations and support from our many regulators	3	3	Continued to build constructive and open dialogue with our many regulators.
Execute on the target state Technology architecture and establish a new Technology capability in Belfast	3	3	Oversaw the setting up of the Belfast technology centre and sponsored the external review of the combined technology platforms to determine the optimal future state technology design.
At the discretion of the Remuneration Committee	6	6	Excellent overall leadership through a truly transformational year. Underlying EPS up from 32.2p and 42.5p.
Total	**35**	**33**	

Report on Directors' Remuneration
continued

Chief Financial Officer (unaudited)
The performance objectives set for the Chief Financial Officer, the allocation of the bonus pool for each objective, and the assessment by the Remuneration Committee of the performance against each objective is shown below.

Chief Financial Officer performance targets	Potential award (Basis Points)	Overall score	Assessment of performance
Manage the completion of the purchase of ICAP (subject to deal completion – discretionary if incomplete)	2	2	Significant contribution to the overall deal completion and played a pivotal role in the final negotiations.
Deliver day 1 integration plan: Day 1 readiness and plan to progress to achieve target operating model (subject to deal completion – discretionary if incomplete)	2	2	Took the lead in ensuring that the Company was business ready for Day 1 and all functions required to provide Day 1 and future Target Operating Models to identify steps to achieve target synergies.
Manage the delivery of the 2016 financial outcomes including monitoring performance, delivery of a controlled forecasting and reporting process	2	2	Oversaw the production of all required 2016 reports completed to an excellent standard by Group Finance.
Development of enhanced management reporting and overarching forecasting model to incorporate acquired businesses	2	2	Drove the development of enhanced monthly MI and interactive modelling for TP ICAP.
Planning for refinancing and debt issues – including refinancing of maturing bonds and delivering plan for refinancing of the Group's debt issues	2	2	Successfully achieved – maturing bonds refinanced and plan for refinancing delivered.
Pension Scheme exposure mitigation – deliver plan to support the de-risking of the investment mandate	1	1	De-risking plan developed and partially executed in 2016.
At the discretion of the Remuneration Committee	4	3	Took on additional responsibility as acting COO in addition to CFO responsibilities.
Total	**15**	**14**	

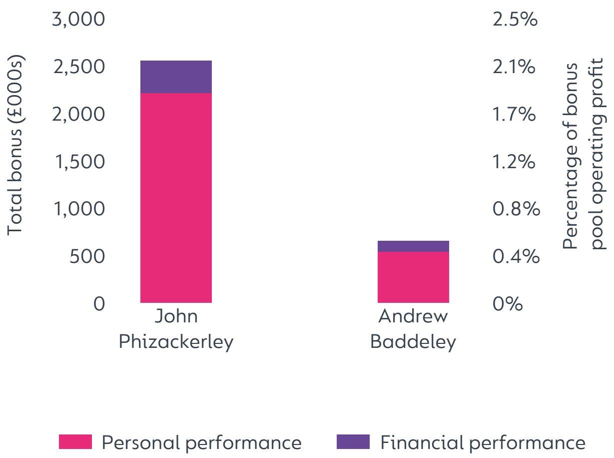
2016 bonus payments
This performance resulted in the following payments:

Element	Chief Executive	Chief Financial Officer
Bonus based on financial performance (% of Bonus Pool Operating Profit	1.825%	0.675%
Bonus based on achieving personal objectives (% of Bonus Pool Operating Profit)	0.33%	0.14%
Total bonus (% of Bonus Pool Operating Profit)	2.155%	0.815%
Bonus Pool Operating Profit	£121.05m	£121.05m
Actual bonus (prior to pro-rating)	£2,608,628	£986,558
Pro-rata for time employed in 2016	N/A	£648,695

The 2016 bonus award for the CFO Andrew Baddeley is a pro-rata reflecting 240 days of employment in 2016.

No 2016 bonus was awarded to the outgoing Finance Director, Paul Mainwaring.

2016 Bonus (unaudited)



Vesting of 2014 LTIS awards

In 2014, the Chief Executive was awarded an LTIS award with a face value of £400,000. The portion of the 2014 LTIS that has vested is shown in the Remuneration table on page 62. 75% of the LTIS award made in 2014 is subject to performance conditions measured to December 2016. The vesting conditions and performance against targets is shown below:

Performance measure	Weighting	Threshold performance target (25% vesting)	Stretch performance target (100% vesting)	Actual performance	Vesting
Relative TSR[1]	50%	Median	Upper quartile	53rd out of 183 companies	88.93%
Average cash flow[2]	25%	£40m	£150m	£67m	43.4%
Return on equity[3]	25%	Equal to IDB competitors' average	3 x IDB competitors' average	To be assessed post 30 June 2017	–
Total	100%				

Notes:
1 TSR versus constituents of FTSE 250. Excludes investment trusts.
2 Before debt repayments and dividends.
3 The companies comprising the comparator group BGC Partners Inc. and Compagnie Financière Tradition in 2016.

The performance against the TSR and cash flow targets result in a payment of £221,260 to the Chief Executive to be made in 2017.

Vesting for the ROE element will be measured in June 2017 once IDB competitors have released their accounts. The additional amount for this vesting will be shown in the 2017 Directors' Remuneration Report.

Report on Directors' Remuneration
continued

2016 LTIS awards
Under our Remuneration Policy and in accordance with the rules of the LTIS, approved by shareholders in 2014, the annual Scheme Pool is defined as the higher of aggregate base salary and 25% of the prior year aggregate variable remuneration of Executive Directors in office at the date of the award (or base salary for a new Executive Director).

Awards under the LTIS made in 2016 were:

Executive	Nature of award[1]	Face value	Threshold vesting	End of performance period
John Phizackerley	Cash	£654,545	25%	31.12.18
Andrew Baddeley	Cash	£245,455	25%	31.12.18

Note:
1 Awards have a normal vesting date of 30 June 2019 and are subject to malus as described in the Directors' Remuneration Policy. There have been no changes to the performance conditions.

Shareholding requirements (unaudited)
Half of the 2016 bonus awarded to each of the Executive Directors was subject to a condition that the net of tax amount to be paid at the end of March 2017 would be invested in the Company's shares, to be held for a minimum of three years. This investment requirement can be met, in part or in full, by ordinary shares already held, excluding any shares already being counted towards investment requirements in relation to previous bonus payments.

Non-executive Directors are not required to hold interests in the Company's shares and the decision to invest is left to their personal discretion. All Executive Directors who served during the year complied with the Company's requirements in respect of their interests in the shares of the Company.

Directors' interests
The interests (all beneficial) as at 31 December 2016 during the year in the ordinary share capital of the Company were as follows:

Director	Shares[3]
Rupert Robson	7,000
John Phizackerley	174,700
Andrew Baddeley[1]	15,000
Paul Mainwaring[2]	279,741
Angela Knight	–
Roger Perkin	–
Stephen Pull	7,000
David Shalders	–
Carol Sergeant	9,038

Notes:
1 Appointed 13 May 2016.
2 Interest as at 6 May 2016.
3 There have been no changes to the holdings between 31 December 2016 and 13 March 2017.

Non-executive Directors' fees

As disclosed in the 2015 Directors' Remuneration Report, with effect from 1 March 2016 the fees for chairing a committee increased to £10,000 per annum. All other non-executive fees were unchanged:

Role	Fee (£)
Chairman	200,000
Base fee	60,000
Senior Independent Director	5,000
Chairman of the Audit Committee[1]	10,000
Chairman of the Remuneration Committee[1]	10,000
Chairman of Risk Committee[1]	10,000

Note:
1 Fee from 1 January 2016 – 29 February 2016 was £7,500.

Some Non-executive Directors also act as trustees of the Company's occupational pension scheme. They are entitled to an attendance fee of £1,000 per meeting for this role.

Termination payments for Paul Mainwaring

Paul Mainwaring stood down as a Director of the Company with effect from 6 May 2016.

The following information is provided in accordance with section 430(2B) of the Companies Act 2006.

All payments are in line with the Company's stated Directors' Remuneration Policy (published in the 2013, 2014 and 2015 Annual Reports) and approved by the shareholders at the 2014 Annual General Meeting.

Salary and accrued entitlements

Paul Mainwaring was paid in respect of accrued salary and contractual benefits up to and including the 30 June 2016 the 'Termination Date'. He was also paid in respect of any outstanding accrued but untaken holiday entitlement in accordance with the Company's legal obligations.

Payment in Lieu of Notice (PILON)

Paul Mainwaring was paid the sum of £293,366 in lieu of salary and contractual benefits he would have received during the remainder of his 12-month contractual notice period (subject to deductions for income tax and national insurance contributions). The PILON payment did not include any payment in lieu of bonus.

Annual bonus

Paul Mainwaring did not receive a bonus payment in respect of 2016.

Termination payment

Paul Mainwaring was paid the sum of £78,962 by way of compensation for loss of employment and to mitigate any claims against the Company.

Report on Directors' Remuneration
continued

LTIS
The Remuneration Committee determined, pursuant to the rules of the LTIS, that the Awards would vest on the Termination Date subject to the applicable performance conditions and pro-rating from the date each Award was made to the Termination Date.

			Performance against vesting conditions				
LTIS	Award Value	Award Date	Relative TSR (50%)	Average cash flow (25%)	Return on equity (25%)	Amount vested total	Amount vested pro-rated
2014[1]	£200,000	6.11.2014	0%	29.15%	58.50%	£43,825	£27,283
2015[2]	£245,455	1.5.2015	100%	32.82%	81.50%	£192,879	£71,078
Total (following pro-ration)							£98,361

Notes:
1 Time apportionment 602 days/ 967 day.
2 Time apportionment 426 days/ 1,156 days.

Paul Mainwaring had a 2013 LTIS award of £200,000 measuring performance from 2013 to 2015. As disclosed in the 2015 Directors' Remuneration Report, the Relative TSR and Average cash flow measures partially vested (34.73% and 48.6% respectively). The Return on Equity (ROE) element was measured in June 2016 following the release of competitor accounts. ROE performance was above the average for the competitor group but less than the maximum target (three times the average). 48.6% of this element of the award vested as a result leading to a total cash payment for the 2013 LTIS of £80,415. As Paul Mainwaring was employed for the entire vesting period, this award was not pro-rated. As the award reflected a performance period which ended in 2015, the 2015 LTIS figure has been updated to reflect the additional vesting from the ROE element of the award. The total amount released to Paul Mainwaring in respect of all his outstanding and vested LTIS awards was £178,776.

Legal fees
In addition, the Company made a payment to Paul Mainwaring's legal advisers of £7,500 plus VAT, as a contribution towards legal advice in connection with Paul Mainwaring's termination of office.

The following information is not subject to audit.

Advice provided to the Remuneration Committee
Throughout 2016, New Bridge Street, part of Aon Hewitt, was the only external remuneration adviser to the Remuneration Committee. They advised on aspects of our Remuneration Policy and practice.

Fees payable to New Bridge Street during 2016 amounted to £106,000. The Committee is satisfied that these fees are appropriate for the work undertaken. New Bridge Street provide no other services to the Company.

Simmons and Simmons, Herbert Smith Freehills LLP and Allen & Overy LLP provided advice on law and regulation in relation to employee incentive matters. All three firms also provide general legal advice to the Company.

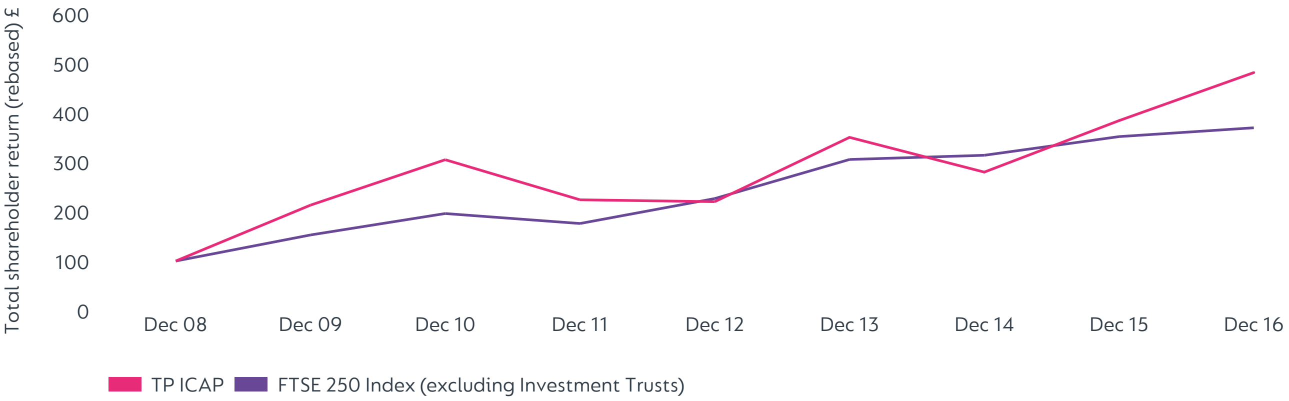
Outside directorships
John Phizackerley does not have any outside directorships from which he received any remuneration in 2016. Andrew Baddeley is a Non-executive Director of Cobalt Insurance Holdings Ltd, where he chairs the Audit Committee. In the period from his appointment to the Board of TP ICAP to 31 December 2016, he received remuneration from Cobalt Insurance Holdings Ltd of £14,000.

Performance graph

A graph depicting the Company's TSR in comparison to other companies in the FTSE 250 index (excluding investment trusts) in the eight years to 31 December 2016 is shown below:

The Board believes that the above index is most relevant as it comprises listed companies of similar size.

Total Shareholder return



Source: datastream (Thomson Reuters)

This graph shows the value, by 31 December 2016, of £100 invested in TP ICAP on 31 December 2008, compared with the value of £100 invested in the FTSE 250 Index (excluding Investment Trusts) on the same date.

The other points plotted are the values at intervening financial year-ends.

Chief Executive Remuneration History

Year ended	Name	Total Remuneration £'000	Annual Bonus % of max payout	LTI %[5] of max vesting
31 December 2016	John Phizackerley[1]	3,381	94%	74%
31 December 2015	John Phizackerley[1]	2,250	80%	N/A
31 December 2014	John Phizackerley[2]	720	N/A	N/A
	Terry Smith[3]	433	N/A	–
31 December 2013	Terry Smith	2,856	51%	–
31 December 2012	Terry Smith	3,153	N/A	–
31 December 2011	Terry Smith	4,929	N/A	45%
31 December 2010	Terry Smith	4,344	N/A	–
31 December 2009	Terry Smith	4,652	N/A	–

Notes:
1 Percentage represents the overall percentage score achieved on individual performance targets.
2 For the 4 month period from 1 September 2014.
3 For the 8 month period from 1 January 2014 – 31 August 2014.
4 Variable remuneration was uncapped in the years 2009-2012.
5 Based on achievement against the TSR and cash flow elements.

Change in Chief Executive Remuneration

	% change Salary	% change Benefits	% change in annualised bonus payment
Chief Executive[1]	0%	0%	54%
Senior Management	5%	N/A	25%

This table shows the change of the Chief Executive's fixed and variable remuneration compared to senior management on a like for like basis to senior management employed throughout 2015 and 2016.

Note:
1 John Phizackerley has not received a base salary increase in 2016.

Report on Directors' Remuneration
continued

A large portion of the Group's remuneration is payable to Brokers, who earn a significant portion of their income as contractual bonus based on a formula linked to revenue. The Remuneration Committee considered that comparison of the Chief Executive's remuneration with that of Senior Management would accordingly be more meaningful than comparison with all employees.

Relative importance of spend on remuneration
The table below shows the expenditure and percentage change in overall spend on employee remuneration and dividend payments:

£m	2016	2015	% change
Employee remuneration[1]	568.7	534.4	+6%
Shareholder dividends paid[2]	41.0	41.0	0%

Notes:
1 Employee remuneration includes employer's social security costs and pension contributions.
2 Shareholder dividends comprises the dividends paid.

Voting at the 2016 AGM At the AGM held on 12 May 2016 the following votes were cast in respect of the Report on Directors' Remuneration:

Vote on Approval of the Report of Director's Remuneration as below

For		Against		Votes withheld
Number	%	Number	%	Number
172,856,824	84%	32,809,993	16%	795,610

Notes:
1 Votes 'For' and 'Against' are expressed as a percentage of votes cast. A 'Vote withheld' is not a vote in law.
2 Votes 'For' includes those giving the Chairman discretion.

Following consultations with shareholders and their agents, it was concluded that the 15.9% vote against was as a consequence of the structure of our 2014 Policy. Market practices have changed since shareholders approved this Policy. However, the Committee is bound to operate within the Policy until shareholders approve a new one. In developing our new Policy, to be put to shareholders for approval at our 2017 AGM, the Committee has taken account of the comments received following the 2016 AGM.

For 2016, the Remuneration Committee undertook a comprehensive performance assessment in the awarding of bonuses for our Executive Directors in accordance with our Policy and commitments.

2017 AGM
Copies of the Executive Directors' service agreements, the Non-executive Directors' letters of appointment are available for inspection at the registered office of the Company during normal business hours and will be available for shareholders to view at the 2017 AGM.

Implementation of Remuneration Policy in 2017
In 2017 we will implement a new Remuneration Policy for our Executive Directors. Under the new Policy we will again set individual performance targets which will be disclosed retrospectively.

The policies set out in the Policy table in the Remuneration Policy section of the Report on Directors' Remuneration will apply in 2017 subject to a binding vote at the 2017 AGM in May 2017.

Specifically in connection with the Transformation LTIP, if an Executive Director is appointed to the Board during the Transformation LTIP performance period, the Committee may, at its sole discretion, (taking into account the portion of the performance period which has lapsed) allow the newly appointed Executive Director to participate in the LTIP on a time apportioned basis. The maximum total pool would remain unchanged. Alternatively the Executive Director may be granted a conventional Performance Share Plan award ('PSP'). If a PSP award is made in lieu of participation in the Transformation LTIP, the maximum aggregate variable pay, including annual bonus and PSP, would be 500% of base salary (or 600% in exceptional circumstances), of which a maximum of 250% (or 300% in exceptional circumstances) of base salary may be in the form of annual bonus. These limits exclude any awards that are required to replace deferred remuneration from a previous employer that is forfeited on joining. The final determination will be at the discretion of the Committee.

Directors' Remuneration Policy

The new Directors' Remuneration Policy will be proposed to shareholders at the 2017 AGM. The Remuneration Policy table applicable to 2016 can be found in previous copies of the Annual Report.

Background

In reviewing and approving the general principles of the Company's Remuneration Policy which applies throughout the Group, the Remuneration Committee took account of the Company's goal to become the world's most trusted source of liquidity in hybrid OTC markets and the best operator in global hybrid voice broking. The Remuneration Committee was mindful that the Group's strategy to achieve that objective is to continue to develop its business, operating as an intermediary in the world's major wholesale OTC and exchange traded financial and commodity markets, with the scale and breadth to deliver superior performance and returns, underpinned by strong financial management disciplines and without actively taking credit and market risk.

The Remuneration Committee took into account general practices in the parts of the financial services sector in which the Company operates, and in particular those of the Company's competitors which include BGC Partners Inc. and Compagnie Financière Tradition. These practices are characterised by high levels of variable remuneration. The Remuneration Committee concluded that it is in the best interests of the Company and shareholders to pay remuneration in line with market practice in the sectors in which the Company operates.

The Company's Remuneration Policy is designed to attract, motivate and retain employees with the necessary skills and experience to deliver the strategy, in order to achieve the Group's objectives.

Risk

The Remuneration Committee considered the relationship between incentives and risk when approving the Remuneration Policy which will apply throughout the Group.

Details of the Group's key risks and risk management are set out in the Strategic Report of this Annual Report on pages 32 to 37. The majority of transactions are brokered on a Name Passing basis where the business is not a counterparty to a trade.

Commissions earned on these activities are received monthly in cash. The business does not take any trading risk and does not hold principal trading positions. The business only holds financial instruments for identified buyers and sellers in matching trades which are generally settled within one to three days. The business does not retain any contingent market risk and is not exposed to any material counterparty credit risk. The business does not have valuation issues in measuring its profits.

The Remuneration Committee concluded that the Company's Remuneration Policy reflects the risk profile of the Group, is consistent with and promotes sound and effective risk management, and does not encourage risk taking.

The Remuneration Committee considers that the Company's Remuneration Policy is consistent with the measures set out in the business's compliance manuals relating to conflicts of interest.

The Company's policy is to ensure that variable remuneration is not paid through vehicles or methods that facilitate avoidance of the Remuneration Code.

Report on Directors' Remuneration
continued

Policy table

The policy set out in this table is the proposed policy which will be put to shareholders at the May 2017 AGM.

How remuneration supports the Company's short and long term strategic objectives	Operation
Fixed remuneration	
To provide a level of fixed remuneration reflecting the scope of individual responsibilities to attract and retain high calibre individuals.	Paid monthly in arrears. Reviewed periodically to ensure it is not significantly out of line with the market.
Benefits	
To provide basic benefits but otherwise to limit provision of benefits.	Medical cover and participation in any schemes available to all UK employees such as the Group life assurance and income protection plans. Relocation or the temporary provision of accommodation may be offered where the Company requires an Executive Director to relocate. The Remuneration Committee may determine that Executive Directors should receive other reasonable benefits if appropriate, taking into account typical market practice.
Pension	
To make basic pension provision.	Membership of a defined contribution pension scheme.
Annual discretionary bonus	
Aim is to motivate and retain Executive Directors, consistent with the risk appetite determined by the Board and thereby to achieve superior returns for shareholders. It provides a direct link between the achievement of annual business performance targets and reward. The shareholding requirements align Directors' interests with shareholders.	Annual assessment of performance against performance objectives. The performance objectives will be set on an annual basis and disclosed retrospectively. Executive Directors will have a mandatory 50% Bonus Deferral each year – such deferral to be awarded in Company shares with a three year deferral period. These shares can be used to meet the investment requirement.
Minimum shareholding	
Aligns Directors' interests with shareholders by focusing on longer term shareholder returns.	Directors must hold a minimum number of the Company's ordinary shares equivalent to 300% of base salary in respect of the Chief Executive and 200% of base salary for all other Executive Directors.
Transformation LTIP	
Aligns Directors' interests with shareholders by focusing on longer term shareholder returns.	One-off three-year LTIP (2017-2019) linked directly to achievement of strategic targets for the integration. TSR will be measured from Q1 2017 to Q1 2020. Underlying EPS will be full year 2019 underlying EPS. Shares will be subject to a holding period and will be released 1/3 in April 2021, 1/3 in April 2022 and 1/3 in April 2023. During the holding period the shares can not be sold (other than to cover the cost of any applicable taxes thereon).
Non-executive Directors	
Fees	
To attract high calibre, experienced Non-executive Directors.	Paid monthly in arrears. Periodically benchmarked against other UK listed companies of comparable size and activities. Additional fees for additional responsibilities of the Senior Independent Non-executive Director, for chairing each of the Audit and Remuneration Committees or other services performed such as acting as a trustee of a Company pension scheme.

Maximum payable	Performance framework	Recovery/withholding
N/A	None	None
No new benefits will be introduced during the term of this Remuneration Policy, unless such benefits are made available to all UK employees.	None	None
6% of fixed remuneration up to a cap set at £105,600 unless otherwise made available to all UK employees.	None	None
The maximum CEO annual bonus will be 2.5 x base salary. The maximum CFO annual bonus will be 2 x base salary.	Annual performance targets will be set. The targets will include key financial metrics and applicable behavioural metrics. Achievement of performance targets will result in 60% pay-out.	Malus and claw-back provisions apply to the whole annual bonus which enables the Committee to recoup pay-outs under the plan either by reducing or cancelling any unvested deferred awards or reclaiming amounts paid. Malus or claw-back may be applied where there is a material adverse, misstatement of performance for the period to which the bonus related event or a material misstatement of results for the period to which the bonus related or, an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.
None	None	None
CEO – £15,000,000 CFO – £9,600,000	Absolute TSR and 2019 Underlying EPS metrics will apply. **TSR conditions[1] (75% of award)** Threshold: 8% CAGR increase (25% pay-out) Target: 11% CAGR increase (50% pay-out) Max: 14% CAGR increase (100% pay-out) **2019 underlying EPS[2] (25% of award)** Threshold: 48p (25% pay-out) Target: 54p (50% pay-out) Max: 60p (100% pay-out) Straight line interpolation applies.	Malus and claw-back provisions apply to the Transformation LTIP which enables the Committee to recoup pay-outs under the plan either by reducing or cancelling any unvested deferred awards or reclaiming amounts paid. Malus or claw-back may be applied where there is a material adverse, misstatement of performance for the period to which the bonus related event or a material misstatement of results for the period to which the bonus related or, if an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.
Aggregate annual fees as listed in the Articles of Association	None	None

Notes to the Policy table: Performance measures

The performance measures attached to the long-term incentive are as follows:

Metric	Why it is chosen.
Absolute TSR[1]	Aligns with the creation of value for our shareholders through share price growth and dividends.
Underlying EPS[2]	A key indicator of the underlying profit performance of the Group, reflecting both revenues and costs and taking into account dilution.

The performance measures attached to the annual bonus may vary to align to the Company strategy at that time but will retain an element related to company profitability.

Report on Directors' Remuneration
continued

Policy on Directors' remuneration compared with employees generally
As a general rule, the same principles are applied to Directors' fixed remuneration, pension contributions and benefits as are applied to employees throughout the organisation. A competitive level of fixed remuneration is paid to all employees taking into account their responsibilities and experience and minimal pension provision and benefits are provided, the Board considering that employees are best placed to determine priorities for funds set aside for remuneration.

There are a number of different bonus schemes in operation throughout the Group for brokers, management and other employees. Brokers' bonus schemes are described below; all other bonuses are generally discretionary. In addition, the Deferred Bonus Plan introduced for Senior Managers for the 2015 bonus year has again been operated for the 2016 bonus year. Under this Plan, employees identified as Senior Managers had 20% of their discretionary 2016 bonus award deferred into Equity for a three year period. The grants of equity are expected to be made in March 2017 and are subject to forfeiture, in whole or in part, in the event the employee resigns or employment is terminated for gross misconduct as defined in the Employee Handbook. Sixty-one employees participated in the 2016 Deferred Bonus Plan with participants located in London, New York, New Jersey, Frankfurt and Singapore. The Remuneration Committee has proposed the introduction of a cap on Executive Directors' bonuses as part of the new Remuneration Policy. This step rebalances the remuneration of the Executive Directors to a mid to longer term alignment with shareholders. The annual remuneration for the Executive Directors will be significantly reduced on a year by year basis but with an increased overall compensation target over a three year period if specific financial results are achieved by the Company.

However, the Remuneration Committee does not believe that the formal capping of bonuses for Senior Management and brokers is consistent with the delivery of enhanced returns to shareholders and accordingly no caps have been introduced on Senior Management's or Brokers' bonuses at this time. We will continue to review this matter in light of any future changes to the Remuneration Code.

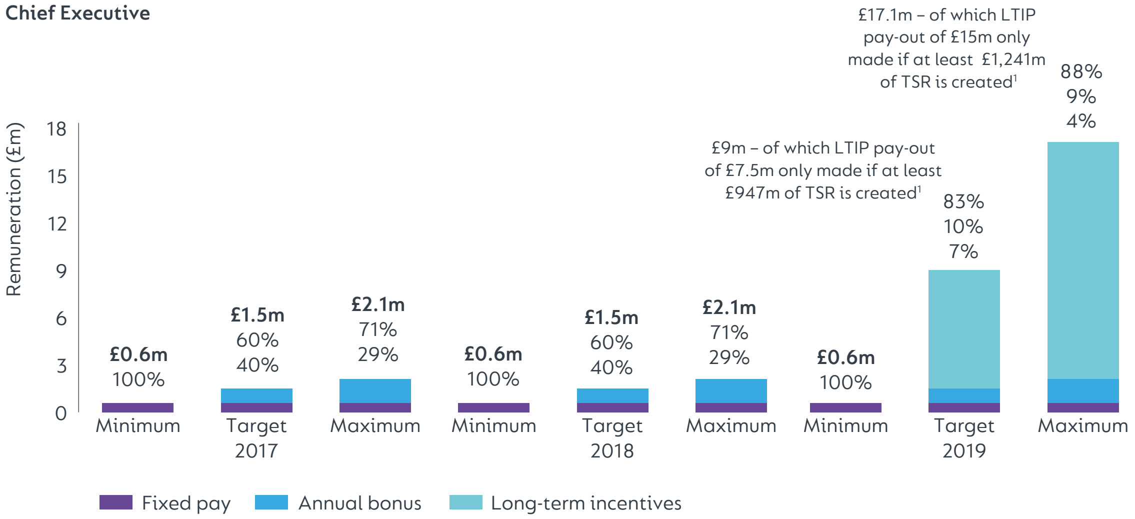
Remuneration policies for brokers
The Company's Remuneration Policy for Brokers is based on the principle that remuneration is directly linked to financial performance, generally at a desk team level, and is calculated in accordance with formulae set out in contracts of employment. These formulae take into account the fixed costs of the Brokers; variable remuneration payments are therefore based on the profits that the Brokers generate for the business together with an assessment of individual performance and conduct against core Group values – Honesty, Integrity, Respect and Excellence. Initial contract payments are only paid upfront when a claw-back provision is included in the contract of employment. Typically, brokers receive a fixed salary paid regularly throughout the year, with a significant portion of variable remuneration dependent on their revenue, conduct and performance, which is paid after the revenue has been fully received in cash.

Remuneration policies for control functions
The Company's Remuneration Policy for control functions is that remuneration is adequate to attract qualified and experienced employees, is in accordance with the achievement of objectives linked to their functions, and is independent of the performance of the business areas they support. Employees in such functions report through an organisation structure that is separate to and independent from the business units. Heads of Control Functions are designated as Remuneration Code staff and accordingly their remuneration is reviewed by the Remuneration Committee as part of the Senior Manager bonus review undertaken in January/February each year.

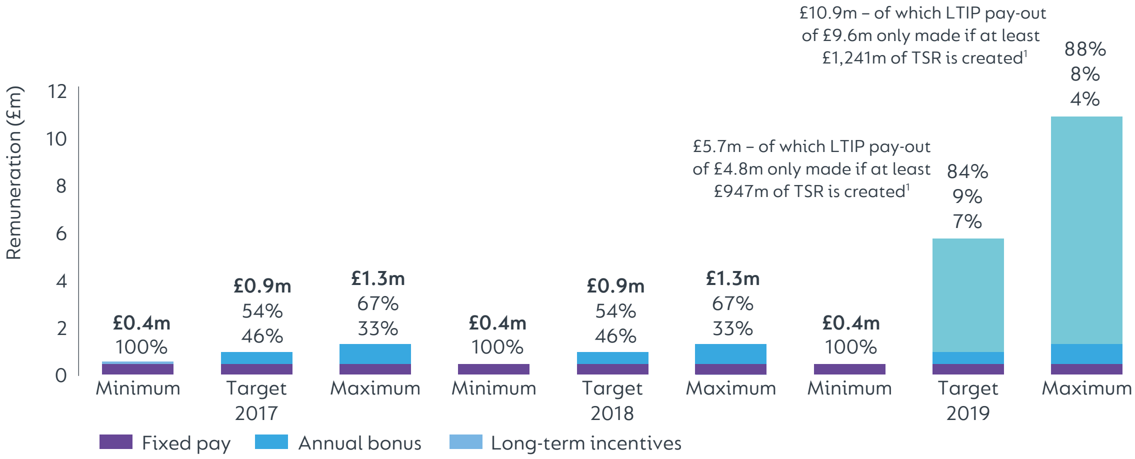
Illustrations of the application of the Remuneration Policy

Total remuneration for each of the Executive Directors for a minimum target and maximum performance for 2017, 2018 and 2019 is presented in the charts below:

Chief Executive



Chief Financial Officer



Notes:

1 Based on illustrative base share price of £4.65.

> ‘Minimum’ includes salary and current benefits only.

> ‘Target’ is based on annual bonus paying out at 60% of maximum. Long-term incentive is based on the Transformation LTIP paying out at 50% of maximum. Amount has been annualised.

> ‘Maximum’ is based on annual bonus paying out in full. Long-term incentive is based on the Transformation LTIP paying out in full (annualised). There will be no share price growth as shares will be granted at vest.

Report on Directors' Remuneration
continued

Executive Directors' service agreements and loss of office entitlements
The Chief Executive's contract may be terminated by either party on the expiry of six months' written notice by either party (save in circumstances justifying summary termination) or by making payment in lieu of notice at the Company's election.
The Company will consider the scope for requiring the Executive Director to mitigate their loss when taking account of all the circumstances surrounding the termination of employment. The Executive Director would also be entitled to accrued but untaken holiday.

The Chief Financial Officer's contract may be terminated by either party on the expiry of six months' written notice by either party (save in circumstances justifying summary termination) or by making payment in lieu of notice at the Company's election. The Company will consider the scope for requiring the Executive Director to mitigate his loss when taking account of all the circumstances surrounding the termination of employment. The Executive Director would also be entitled to accrued but untaken holiday.

Where the Executive Director is deemed to be a "good leaver", the Remuneration Committee may, at its sole discretion, award a part-year bonus for the period worked. The bonus will be assessed on demonstrated performance over the part-year. Post-termination restrictive covenants also apply to each Executive Director. The determination of 'good leaver' status will be determined at the sole discretion of the Remuneration Committee.

In addition to the contractual rights to a payment on loss of office, any employee including the Executive Directors may have additional statutory and/or common law rights to certain additional payments, for example in a redundancy situation.

When determining payments for loss of office, the Company will take account of all relevant circumstances on a case by case basis including (but not limited to): the contractual notice provisions and outstanding holiday; the best interests of the Company; whether the Executive Director has presided over an orderly handover; the contribution of the Executive Director to the success of the Company during their tenure; and the need to compromise any claims that the Executive Director may have or to pay the Executive Director's legal costs on a settlement agreement.

The LTIS rules provide for an award to lapse in all circumstances where an Executive Director ceases to hold office or employment with a Group company other than death, unless the Remuneration Committee determines otherwise, in which case any award would vest to the extent that the performance conditions had been met and the extent that the performance period had elapsed.

Under the proposed LTIP, the full terms and condition of the awards are contained in the Plan documents. In the event that an Executive Director leaves employment prior to 31 December 2019, the default position is that they will forfeit participation in the LTIP. The Remuneration Committee can choose to exercise their discretion and consider the employee to be a "good leaver". Good leavers will (other than in exceptional circumstances) be eligible for a time reduced participation under the LTIP at the discretion of the Remuneration Committee. The payment will reflect the period of active employment from 1 January 2017 to the termination date subject to relevant shareholder and proxy guidelines. Payments will be subject to the performance conditions and paid at the normal vesting date.

Non-executive Directors' appointment letters
The Non-executive Directors serve under letters of appointment which are terminable on the earliest of the Director not being re-elected at an AGM, removed as a Director or required to vacate office under the Articles of Association, on resignation, at the request of the Board or subject to six months' notice for the Chairman or three months' notice for the other Non-executive Directors.

Recruitment of Directors

The Remuneration Committee's approach to setting remuneration for new Executive Directors is to ensure that the Company pays market rates, with reference to internal pay levels, the external market, location of the Executive and remuneration received from the previous employer.

Salary will be provided in line with market rates, and the Remuneration Committee reserves discretion to offer appropriate pension and benefit arrangements, which may include the continuation of benefits received in a previous role in exceptional circumstances only. On-going variable pay awards for a newly appointed Executive Director will be as described in the Policy table, subject to the same maximum opportunities. It is not currently intended that future service contracts for Executive Directors would contain terms differing materially from those summarised in this report, including with respect to notice provisions.

The Remuneration Committee may consider offering additional cash or share-based payments to buy-out existing awards forfeited by a new Executive Director when it considers these to be in the best interests of the Company and its shareholders. Any such buy-out payments would mirror so far as possible the remuneration lost when leaving the former employer. The Remuneration Committee may avail itself of the current Listing Rule exemption to make such buy-out awards where doing so is necessary to facilitate, in exceptional circumstances, the recruitment of the relevant individual.

Relocation payments may also be set, within limits to be determined by the Remuneration Committee, where considered appropriate and in the Company's best interests to do so.

In cases of appointing a new Executive Director by way of internal promotion, the Group will honour any contractual commitments made prior to their promotion to Executive Director.

The fee payable to a new Non-executive Director will be in line with the fee structure for Non-executive Directors in place at the date of appointment.

Approved by the Board and signed on its behalf by

Stephen Pull
Chairman
Remuneration Committee
14 March 2017

Directors' report

Set out below is additional statutory information that the Company is required to disclose in its Directors' Report. Some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 2 to 40 as the Board considers these to be of strategic importance. An indication of the likely future developments in the business of the Group is included in the Strategic Report.

Listing Rule 9.5.4 Disclosure
There are no disclosures to be made other than the trustee of the Employee Benefit Trust waived its rights to receive dividends on shares held by them.

Results and dividends
The results for the year ended 31 December 2016 are set out in the Consolidated Income Statement on page 90.

The Board declared a first interim dividend of 11.25p (2015: 11.25p) per ordinary share, paid on 14 November 2016. A second interim dividend of 5.6p per ordinary share (2015: 5.6p) was declared to shareholders on the register on 23 December 2016 and paid on 13 January 2017. The Board is accordingly not recommending a final dividend and so, as advised in our Interim Announcement on 3 August 2016, the shareholders up to the date of completion of the acquisition of ICAP have received dividends of 16.85p per share for 2016 (2015: 16.85p).

Post balance sheet events
In January 2017, the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Proceeds were used to repay the £470m bank loan.

Branches outside the UK
Details of branches operated by the Group can be found on page 144 to 152.

Board of Directors
The Directors who served throughout the year, except as noted, were as follows:

Rupert Robson
Non-executive Chairman

John Phizackerley
Chief Executive

Andrew Baddeley
Chief Financial Officer
(appointed 13 May 2016)

Paul Mainwaring
Finance Director (resigned 5 May 2016)

Angela Knight
Senior Independent Non-executive Director

Roger Perkin
Independent Non-executive Director

Stephen Pull
Independent Non-executive Director

Carol Sergeant
Independent Non-executive Director

David Shalders
Independent Non-executive Director

Biographical details of the Directors are set out on pages 44 to 45. Details of Directors beneficial and non-beneficial interests in the shares of the Company are shown on page 66.

Directors' conflicts
The Directors are required to notify the Company of any potential conflicts of interest that may affect them in their roles as Directors of TP ICAP. All potential conflicts of interest are recorded and reviewed by the full Board at least annually.

Directors' indemnity arrangements
The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which remain in place at the date of this report. The principal employer of the Tullett Prebon Pension Scheme has given indemnities to the Directors who are trustees of that Scheme. The Company maintains liability insurance for its Directors and officers.

Appointment and replacement of Directors
With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association (the Articles), the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders and were last amended at the Company's AGM in May 2012. A resolution to amend the current Articles will be put to a shareholder vote at the 2017 AGM and details are included in the Notice of Meeting. At each AGM all the Directors who held office on the date seven days before the Notice of that AGM must retire from office and each Director wishing to serve must submit themselves for election or re-election by shareholders.

Corporate Governance Report
A separate Corporate Governance Report is included within this Annual Report on pages 42 to 76 and which is, where relevant, incorporated into this Directors' report by reference. The Corporate Governance Report on pages 42 to 76 includes the information that fulfils the requirements of section 7 of the Disclosure and Transparency Rules ('DTR') with the exception of the information referred to in DTR 7.2.6 which is included in this Directors' Report.

Share capital and control
Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 27 to the Consolidated Financial Statements which is incorporated into this Directors' report by reference.

The Company has one class of ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The voting rights of the ordinary shares held by the Tullett Prebon plc Employee Benefit Trust 2007 are exercisable by the trustees in accordance with their fiduciary duties. The right to receive dividends on these shares has been waived. Details of employee share schemes are set out in Note 29 to the Consolidated Financial Statements which is incorporated into this Directors' Report by reference.

Restriction on transfer of securities and variation of rights
There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights, nor are there any arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of those securities.

Power of the Company issuing or buying back shares
The powers of the Directors include the authorities to allot shares and to buy the Company's shares in the market as granted by shareholders at the AGM. At the last AGM resolutions were passed to authorise the Directors to allot up to a nominal amount of £40,586,037.75 (subject to certain restrictions) and to purchase up to 24,351,622 ordinary shares. Similar authorities will be proposed at this year's AGM. At an Extraordinary General Meeting on 24 March 2016 a resolution was passed to approve the allotment of an additional 325,426,232 shares. Details of the shares issued during the year and up to the date of this Annual Report are set out in Note 27 to the Consolidated Financial Statements.
At the date of this Annual Report, no shares had been purchased in the market under the authority granted at the 2016 AGM. The allotment and buy-back authorities will expire at the conclusion of the next AGM or, if earlier, on 1 July 2017, unless renewed before that time.

Further powers of the Directors are described in the Schedule of Matters Reserved for the Board, which is available on the Company's website.

Related Party Transactions
Details of Related Party Transactions are set out in Note 36 to the financial statements.

Significant agreements and change of control
The Company's banking facilities give the lenders the right not to renew loans and to cancel commitments in the event of a change of control. The Company's Share Schemes contain provisions relating to change of control, subject to the satisfaction of relevant performance conditions and pro ration for time, if appropriate. The Company are not aware of any other significant agreements that take effect, alter or terminate upon a change of control of the Company, nor any agreements with the Company and its employees or Directors for compensation for loss of office or employment that occurs because of a takeover bid.

Substantial shareholders
As at the year-end, and at 9 March 2017, being the latest practicable date before signing of this document, the following (not being Directors, their families or persons connected, within section 252 of the Companies Act 2006) had notified the Company in accordance with DTR 5 that they were interested in the following voting rights of the issued ordinary share capital of the Company:

	31 December 2016 %	9 March 2017 %
Schroders plc	13.28	12.86
Jupiter Asset Management	8.57	8.57
Old Mutual plc	N/A	7.10
Oppenheimer Funds, Inc	5.01	5.01
Silchester International Investors LLP	4.62	4.62
Mr Michael Spencer	8.97	–

Corporate responsibility
Information concerning the Group's policies on equal opportunities, employee engagement, and the employment of disabled staff is included in the Resources, Relationships and Responsibility section of the Strategic report on pages 38 to 40, which is, where relevant, incorporated into this Directors' report by reference.

Greenhouse gas emissions
The estimated Group greenhouse gas emissions for 2016 and 2015 are set out below:

	Tonnes of CO_2e	
	2016	**2015**
Combustion of fuel, vehicles, fugitive emissions (scope 1)	**629**	584
Purchased electricity (scope 2)	**8,977**	8,156
Total	**9,606**	8,740
Total emissions per employee	**3.4**	3.4

The emission statistics were calculated by Sustain Limited and cover all material sources of emissions for which the Group is directly responsible. The methodology used was that of the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' (revised edition, 2004). Responsibility for emissions sources was determined using the operational control approach. The estimate covers all TP ICAP operations that are consolidated in the financial statements. Data was collected for the Group's largest offices which employ approximately 45% of the Group's employees, and extrapolated to cover all the Group's offices, as well as for the Group's disaster recovery sites and any corporate vehicles. Collected data was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2016.

Directors' report
continued

Political donations
It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Group there may be occasions when an activity might fall within the broader definition of 'political expenditure' contained within the Companies Act 2006. During 2016 no political donations were made by the Group (2015: £nil).

Information on financial instruments
Information relating to financial instruments can be found in Note 26 to the Consolidated Financial Statements.

Going concern
The Group's business activities and performance, and the financial position of the Group, its cash flows, liquidity position, borrowing facilities and hedging strategy, together with the factors likely to affect its future development, performance and position, are explained in the Strategic report on pages 2 to 40. Analysis of the Group's key risks and approach to risk management is also set out in the Strategic Report. Details of the Group's interest bearing loans and borrowings, long term provisions, other long term payables and financial instruments are set out in Notes 23 to 26 to the Consolidated Financial Statements.

The Group has considerable financial resources both in the regions and at the corporate centre comfortably to meet the Group's ongoing obligations.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Annual Report and Financial Statements continue to be prepared on the going concern basis.

Viability Statement
The Directors have assessed the prospects for and viability of the Group over a three year period to the end of December 2019. We believe that a three year time horizon is the most appropriate timeframe over which the Directors should assess the long-term viability of the Group as it has a sufficient degree of certainty in the context of the current position of the Group and the assessment of its principal risks, and it matches the business planning cycle with regard to the integration of ICAP.

The assessment has been made taking into account the following:

> the current liquidity position of the Group and its base case and stressed case cash flow forecasts;
> the liquidity stress testing and reverse stress testing which are undertaken as part of the Group's Review of Capital Adequacy and its UK regulatory obligations;
> the due diligence and working capital analysis undertaken prior to the completion of the acquisition of ICAP;
> the ICAAPs undertaken by the Group's FCA regulated entities;
> the assessment of the Group's principal risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. These risks are discussed in the risk management report on pages 34 to 37; and
> the effectiveness of the Group's risk management and internal control systems

The Directors consider that they have undertaken a robust assessment of the prospects of the Group and its principal risks over the three year period, and the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over at least the period of assessment.

In arriving at this conclusion, the Directors' assumptions included:

> maintaining access to liquidity through the Group's £250m revolving credit facility (Note 23);
> reducing the 'excess goodwill' in accordance with the terms agreed with the FCA in the Group's waiver from consolidated capital adequacy requirements under CRD IV (page 31);
> refinancing the £80m Notes that mature in June 2019 (Note 23); and
> the successful integration of the ICAP business and delivery of the expected synergies

Statement of Directors' responsibilities
The Directors' Statement regarding their responsibility for preparing the Annual Report is set out on page 81.

Auditor
Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

Disclosure of information to the auditor
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

> so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
> the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting
The AGM of the Company will be held at 12.15pm on 11 May 2017. A Special Resolution to amend the articles will be put to shareholders at the AGM plus a resolution to adopt a new share plan. Details of the resolutions to be proposed at the AGM are set out in a separate Notice of Meeting which will be sent to all shareholders entitled to receive such Notice. Only members on the register of members of the Company as at close of business on 9 May 2017 (or two days before any adjourned meeting, excluding non business days) will be entitled to attend and vote at the AGM. Any proxy must be lodged with the Company's registrars or submitted to CREST at least 48 hours, excluding non-business days, before the AGM or any adjourned meeting thereof.

Resolutions dealing with the authority to allot shares, disapplication of pre-emption rights, authority to buy back shares and to convene general meetings other than annual general meetings on no less than fourteen days' notice will be put to the AGM as special business. The resolutions are set out in a Notice of Annual General Meeting together with explanatory notes which are set out in a separate circular to shareholders which accompanies this Annual Report.

By order of the Board

Tiffany Brill
Company Secretary
14 March 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In the case of Group Financial Statements, International Accounting Standard 1 requires that directors:

> select and apply accounting policies properly;
> present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
> provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
> make an assessment of the Company's ability to continue as a going concern

In the case of the Parent Company Financial Statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent;
> state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
> prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

> the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
> the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
> the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy

On behalf of the Board

John Phizackerley
Chief Executive
14 March 2017

Independent Auditor's Report to the Members of TP ICAP plc

Opinion on the Financial Statements of TP ICAP plc
Our opinion on the Financial Statements of TP ICAP plc is unmodified.

In our opinion:

> the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
> the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
> the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
> the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The financial statements that we have audited comprise:

> the Consolidated Income Statement;
> the Consolidated Statement of Comprehensive Income;
> the Consolidated Balance Sheet;
> the Consolidated Statement of Changes in Equity;
> the Consolidated Cash Flow Statement;
> the related Consolidated Financial Statement Notes 1 to 38;
> the Parent Company Balance Sheet;
> the Parent Company Statement of Changes in Equity; and
> the related Parent Company Notes 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and IFRSs as adopted by the European Union.

The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Summary of our audit approach

Significant changes in our approach	Following the acquisition of ICAP's Global Broking and Information Business ('ICAP') on 30 December 2016 we revised our audit approach to reflect the size and scale of the combined Group and reassessed the key risks, materiality and group scoping.
Key risks	The key risks that we identified in the current year were: > Name Passing revenue; > impairment of goodwill and other intangibles; > accounting for the acquisition of ICAP; and > presentation and disclosure of acquisition, disposal and integration related items. Within this report, any new risks are identified with ⊕ and any risks which are the same as the prior year are identified with ⦒
Materiality	The materiality that we used in the current year was £8.0m which was determined on a blended basis by reference to underlying profit before tax and net assets.
Scoping	Our Group audit scope focused primarily on seven locations (2015: 11 locations) with 27 subsidiaries (2015: 23 subsidiaries) subject to a full scope audit. The subsidiaries selected for a full scope audit or an audit of specified account balances represent the principal business units within each of the four operating segments. These subsidiaries account for 96% of the Group's total assets, 95% of the Group's total liabilities, 93% of the Group's revenue and 96% of the Group's profit before tax.

Our assessment of risks of material misstatement

When planning our audit, we made an assessment of the relative significance of the key risks of material misstatement to the Group Financial Statements. The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

We identified two new key risks of material misstatement relating to the accounting for the acquisition of ICAP and presentation and disclosure of acquisition, disposal and integration related items. Both arise from the acquisition of ICAP. Last year, our report also included Matched Principal revenue and the valuation of group tax provisions as key risks. In relation to Matched Principal revenue, we focus particularly on the risk of material misstatement in respect of revenue associated with trades which fail to settle within standard market settlement periods. As the revenue associated with such trades was not material at 31 December 2016 and 31 December 2015 this risk has not been included in our report in the current year. In relation to the valuation of group tax provisions, this risk required relatively less audit effort than in previous years, largely due to a reduction in the Group's potential tax exposures.

The description of risks below should be read in conjunction with the significant judgements considered by the Audit Committee discussed on page 52.

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

Name Passing revenue

Refer to the summary of significant accounting policies on pages 97 to 102 and 'How we transact' on page 6.

Risk description	Name Passing revenue is earned for the service of matching buyers and sellers of financial instruments. The Group is not a counterparty to the trade and commissions are invoiced for the service provided by the Group. It accounts for approximately 76% of the Group's broking revenue. As invoices for services provided are not issued until the end of each month, the cash collection period is typically longer than for Matched Principal revenue. The risk of misstatement of revenue increases where the invoice becomes past due or where post year end trade adjustments or credit notes arise. As the acquisition of ICAP was completed on 30 December 2016, no Name Passing revenue is reflected in the 2016 financial statements in respect of ICAP and therefore this risk was only applicable to the Tullett Prebon business in 2016.
How the scope of our audit responded to the risk	We tested the operating effectiveness of relevant controls relating to Name Passing invoicing and cash collection. We confirmed a sample of trades to cash received throughout the year. We agreed a further sample of Name Passing transactions, which were outstanding at year end, to cash received post year end. We tested the aged debtor analysis through re-performance and, focusing on higher risk aged items, we confirmed that revenue recognised on each transaction was supportable by obtaining evidence to corroborate the validity of the underlying trade and reviewing communications with counterparties. We tested a sample of post year end trade adjustments and credit notes to evaluate whether these items were accurate and valid.
Key observations	Our testing of the effectiveness of internal controls over Name Passing invoicing and cash collection identified no issues. During 2016 the Group implemented improvements in controls over trade amendments. As the improved controls were not in place throughout the year, we performed additional substantive testing of trade amendments. No issues were identified from this testing. No issues were identified through our detailed testing of cash receipts and aged debtors. We determined the recognition of Name Passing revenue to be appropriate and in line with the Group's accounting policy on page 97.

Independent Auditor's Report to the Members of TP ICAP plc
continued

Impairment of goodwill and other intangibles

Refer to the summary of significant accounting policies on pages 97 to 102, accounting estimates and judgements on page 102, the intangible assets arising on consolidation Note on pages 110 to 111 and the other intangible assets Note on page 111.

Risk description	As required by IAS 36, goodwill and other intangible assets are reviewed for impairment at least annually. Determining whether the goodwill of £1,063.9m, other intangible assets of £70.1m and other intangible assets arising on consolidation of £649.2m are impaired requires an estimation of the recoverable amount of the Group's cash generating units ('CGUs'), using the higher of the value in use or fair value less costs to sell. The value in use takes into account expected future cash flows and requires the selection of suitable discount rates and forecast future growth rates and is therefore inherently subjective. The value in use of each CGU is sensitive to changes in underlying assumptions. We focused our testing on the CGUs where we identified increased sensitivity to the growth rate assumptions. The value in use method was used to assess the recoverable amount of all CGUs excluding ICAP. Following the acquisition of ICAP, £687.0m of goodwill and £639.0m of other intangible assets were recognised as at 31 December 2016. The provisional amount of goodwill and other intangible assets arising on the acquisition of ICAP have not been allocated to CGUs due to the proximity of the acquisition to the year end and therefore the Group is not required to assess the ICAP related goodwill for impairment as at 31 December 2016. As permitted by IAS 36, the initial allocation to CGUs will be completed before the end of 2017. No impairment was recorded in the year for any of the CGUs.
How the scope of our audit responded to the risk	We challenged the identification of the Group's CGUs, by assessing whether the CGUs reflected the lowest aggregation of assets that generate largely independent cash flows. We performed detailed analysis and challenge of the Group's assumptions used in the annual impairment review, in particular forecast future growth rates, the cash flow projections and discount rates used by the Group in its impairment tests of the CGUs. We challenged cash flow forecasts and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available. Our internal valuations specialists independently derived discount rates which we compared to the rates used by the Group and we benchmarked discount and growth rates to available external peer group data. As the impairment tests for the Europe and the Middle East, North America and Asia Pacific CGUs were sensitive to changes in the growth rate assumption, we assessed the point at which an impairment would occur and considered whether this was a reasonably possible change which required additional disclosure.
Key observations	We concluded that the Directors' impairment test was appropriate and that no impairment of goodwill and other intangibles has arisen. We determined the identification of CGUs to be appropriate. The cash flow forecasts used in the annual impairment review were consistent with the most recent financial budgets considered by the Board and were reasonable in the context of recent business performance. The discount rates used by the Group are within a reasonable range of rates implied by both our internally derived discount rates and peer benchmarks. The impairment tests are insensitive to reasonably possible changes in discount rates. The growth rates used by management are reasonable and we considered that the disclosures made by the Directors that a reasonably possible change in the growth rate assumptions for the Europe and the Middle East, North America and Asia Pacific CGUs would result in the carrying value of these CGUs exceeding their recoverable amount is appropriate.

Accounting for the acquisition of ICAP ⊕

Refer to the key areas of judgement on page 102, significant accounting policies on pages 97 to 102 and Note 30 on pages 127 to 128.

Risk description

As detailed on pages 127, the Group completed the acquisition of ICAP on 30 December 2016. The acquisition resulted in the recognition of £687.0m of goodwill and £639.0m of other intangible assets as at 31 December 2016.

Accounting for the acquisition gives rise to two key areas of management judgement and estimation uncertainty:

> the valuation and completeness of £639.0m of separately identifiable intangible assets; and
> the valuation and completeness of adjustments required to reflect the assets and liabilities of ICAP at their fair value as at 30 December 2016.

The Directors engaged external specialists to support their assessment of the completeness and valuation of intangible assets. A majority of the separately identifiable intangible assets comprise £601.0m relating to customer contracts and relationships and £27.0m relating to the ICAP brand and trademarks and we have focused on testing the assumptions to which the valuation of these assets are most sensitive.

As required by IFRS 3, the Directors have measured the fair value of assets and liabilities based on facts and circumstances that existed as at the acquisition date. The Directors have provisionally determined that no adjustments are required to the carrying value of assets and liabilities in ICAP's acquisition date balance sheet. The fair value of net assets acquired was £117.2m.

How the scope of our audit responded to the risk

We audited the Group's accounting for the acquisition, specifically focusing on the valuation and completeness of separately identifiable intangible assets and fair value adjustments.

We used our own internal valuation specialists to challenge the conclusions reached by the Directors in determining the separately identifiable intangible assets arising on acquisition. Our audit procedures included:

> assessing the objectivity and expertise of the Group's external specialists, meeting with them to discuss their approach and the findings within their final report;
> comparing the intangible assets recognised by the Group against a list of reasonably possible intangible assets for comparable businesses;
> testing the valuation methodology applied through comparison to industry practice;
> challenging the cash flow forecasts by reference to historical performance and the appropriateness of the underlying assumptions;
> challenging the appropriateness of other inputs and significant assumptions used in valuing the customer contracts and relationships and the ICAP brand and trademarks; and
> comparing the relative split between goodwill and other intangible assets recognised by the Group to recent and comparable acquisitions made by similar companies.

We have challenged the methodology applied by the Directors to determine that no fair value adjustments are required to the assets and liabilities of ICAP as at 30 December 2016 by independently assessing whether any additional fair value adjustments should be made based on the known facts and circumstances.

Key observations

The valuations and allocation are provisional and subject to change in the measurement period.

We considered the provisional identification of the ICAP brand and trademarks, the customer contracts and relationships and the provisional valuation methodology used to be appropriate and in line with industry practice.

We considered the cash flow forecasts, key inputs and assumptions to be reasonable in the context of the known facts and circumstances and historical performance. The provisional allocation between goodwill and other intangible assets is reasonable.

No material fair value adjustments were identified through our testing.

Independent Auditor's Report to the Members of TP ICAP plc
continued

Presentation and disclosure of acquisition, disposal and integration related items	
Refer to the basis of preparation Note on pages 95 to 96 and Note 6 on pages 105 to 106.	
Risk description	The Group reports acquisition, disposal and integration related items of £63.2m before taxation. These include costs relating to the acquisition of ICAP of £16.8m and integration costs of £19.3m. There is a risk that items that reflect the underlying performance of the Group are incorrectly presented as acquisition, disposal and integration related items. In addition, there is a risk that undue prominence is given to underlying results compared to the statutory results of the Group in the Annual Report.
How the scope of our audit responded to the risk	For a sample of acquisition, disposal and integration related items we obtained supporting evidence to confirm whether the items relate to acquisitions, disposals or integration or should be presented as part of the Group's underlying results. We read the Annual Report and challenged the prominence given to underlying results relative to the Group's statutory results and whether the presentation was misleading. We read the description of the basis of underlying results and whether it was consistently applied. We also tested the completeness and accuracy of the reconciliation between underlying and statutory results.
Key observations	We identified no items within acquisition, disposal and integration related items that should be presented in underlying results. We considered that the presentation of the Group's underlying results is appropriately explained, is understandable and that the reconciliation to the Group's statutory results is complete and accurate. We considered that appropriate prominence has been given to the statutory results in the Annual Report.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£8.0m (2015: £4.9m)
Basis for determining materiality and rationale for the benchmark applied	Last year we determined materiality for the Group to be £4.9m based on approximately 5% of underlying profit before tax of £93.7m and this equated to less than 1% of equity. Given the ICAP acquisition was completed on 30 December 2016, the balance sheet of the Group has increased significantly without a commensurate increase in the Group's results. As a result, we concluded that materiality based solely on the profit of the Group was not appropriate. We determined materiality to be £8.0m by reference to a range of £6.0m to £8.7m based on 5% of normalised underlying profit before tax[1] of £120.2m and 1% of normalised net assets[2] of £855.2m respectively. Materiality of £8.0m equates to 6.7% of normalised profit before tax and 0.9% of normalised net assets.

1 We have determined normalised underlying profit before tax as underlying profit before tax of £121.6m less amortisation of intangible assets arising on consolidation of £1.4m. As amortisation of intangibles arising on consolidation are recurring costs arguably they reflect underlying business performance.
2 We have determined normalised net assets as net assets of £1,919.1m less goodwill of £1,063.9m. Goodwill is excluded given its significance.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.4m (2015: £0.1m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

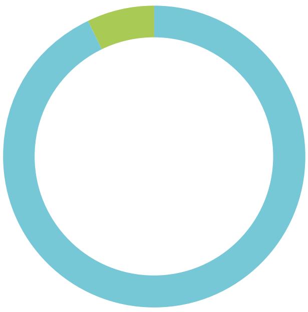
Following the acquisition of ICAP on 30 December 2016, we revised the scope of our audit to reflect the size and scale of the combined Group.

Our Group audit scope focused primarily on seven locations (2015: 11 locations) with 27 subsidiaries (2015: 23 subsidiaries) subject to a full scope audit. The decrease in the number of locations reflects the relative significance of locations following the acquisition of ICAP. The increase in the number of subsidiaries reflects the increased number of entities in the Group and their relative size. Our audit procedures in respect of the balance sheet of ICAP as at 30 December 2016 were performed in the UK and US given the locations of ICAP's financial reporting systems and processes. In addition we performed specified audit procedures on account balances in a number of other subsidiaries to support our opinion on the Consolidated Financial Statements.

The subsidiaries selected for a full scope audit or specified audit procedures represent the principal business units within each of the Group's operating segments. The subsidiaries subject to full scope audit account for 96% (2015: 94%) of the Group's total assets, 95% (2015: 95%) of the Group's total liabilities, 93% (2015: 95%) of the Group's revenue and 96% (2015: 96%) of the Group's profit before tax. The subsidiaries were selected to provide an appropriate basis of undertaking audit work to address the risks of material misstatement including those identified above. Our audits of each of the subsidiaries were performed using lower levels of materiality based on their size relative to the Group. The materiality for each subsidiary audit ranged from £2.8m to £4.4m (2015: £2.95m).

Revenue

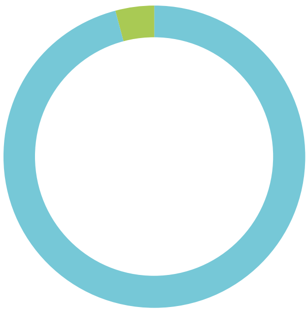
%



Full scope	93
Specified audit procedures	0
Analytical procedures only	7

Profit before tax

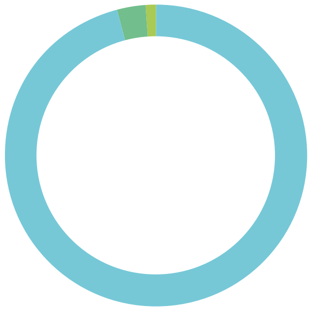
%



Full scope	96
Specified audit procedures	0
Analytical procedures only	4

Total assets

%



Full scope	96
Specified audit procedures	3
Analytical procedures only	1

We tested the Group's consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement in the aggregated financial information of the remaining subsidiaries not subject to a full scope audit or specified audit procedures. We also performed high level analytical review procedures in respect of those entities not included in the scope of our audit to identify any fluctuations or relationships that are inconsistent with other relevant information and obtained adequate explanations.

The Senior Statutory Auditor has responsibility for overseeing all aspects of the audit work of the component auditors. The Senior Statutory Auditor is also the lead audit partner for the EMEA component. In discharging this responsibility, he visited the US and Singapore during the audit to meet local management and to oversee the audits of the subsidiaries based in the Americas and Asia. The Group audit team performed a remote file review of the work performed by two other component auditors. The Group audit team maintained dialogue with all component auditors throughout all phases of the audit and received written reports from component auditors setting out the results of their audit procedures.

Independent Auditor's Report to the Members of TP ICAP plc
continued

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing to report on going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group.

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 2 to the Consolidated Financial Statements and the Directors' statement on the longer-term viability of the Group contained within the Directors' Report on page 80.

We have nothing material to add or draw attention to in relation to:

> the Directors' confirmation on page 80 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
> the disclosures on pages 34 to 37 that describe those risks and explain how they are being managed or mitigated;
> the Directors' Statement in Note 2 to the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and
> the Director's explanation on page 80 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
> the information given in the Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
> the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: > we have not received all the information and explanations we require for our audit; or > adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or > the Parent Company financial statements are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.	We have nothing to report arising from these matters.
Corporate Governance Statement Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code.	We have nothing to report arising from our review.
Our duty to read other information in the Annual Report Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: > materially inconsistent with the information in the audited financial statements; or > apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or > otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.	We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Robert Topley FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

14 March 2017

Consolidated Income Statement

for the year ended 31 December 2016

	Notes	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
2016					
Revenue	4	**891.5**	–	–	**891.5**
Administrative expenses		**(763.5)**	**(56.6)**	**(5.2)**	**(825.3)**
Other operating income	5	**3.5**	–	**3.6**	**7.1**
Operating profit	6	**131.5**	**(56.6)**	**(1.6)**	**73.3**
Finance income	8	**5.3**	–	–	**5.3**
Finance costs	9	**(15.2)**	**(6.6)**	–	**(21.8)**
Profit before tax		**121.6**	**(63.2)**	**(1.6)**	**56.8**
Taxation	10	**(22.1)**	**5.3**	**(0.3)**	**(17.1)**
Profit after tax		**99.5**	**(57.9)**	**(1.9)**	**39.7**
Share of results of associates and joint ventures		**4.0**	–	–	**4.0**
Profit for the year	6	**103.5**	**(57.9)**	**(1.9)**	**43.7**
Attributable to:					
Equity holders of the parent		**103.0**	**(57.9)**	**(1.9)**	**43.2**
Non-controlling interests		**0.5**	–	–	**0.5**
		103.5	**(57.9)**	**(1.9)**	**43.7**
Earnings per share					
– Basic	11	**42.5p**			**17.8p**
– Diluted	11	**41.0p**			**17.2p**
2015					
Revenue	4	796.0	–	–	796.0
Administrative expenses		(693.9)	(24.9)	(28.4)	(747.2)
Other operating income	5	5.8	0.2	67.1	73.1
Operating profit	6	107.9	(24.7)	38.7	121.9
Finance income	8	4.1	–	–	4.1
Finance costs	9	(18.3)	(2.0)	–	(20.3)
Profit before tax		93.7	(26.7)	38.7	105.7
Taxation	10	(17.5)	3.0	(10.5)	(25.0)
Profit after tax		76.2	(23.7)	28.2	80.7
Share of results of associates		2.6	–	–	2.6
Profit for the year	6	78.8	(23.7)	28.2	83.3
Attributable to:					
Equity holders of the parent		78.4	(23.7)	28.2	82.9
Non-controlling interests		0.4	–	–	0.4
		78.8	(23.7)	28.2	83.3
Earnings per share					
– Basic	11	32.2p			34.0p
– Diluted	11	31.5p			33.3p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Profit for the year		**43.7**	83.3
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	35	**5.8**	24.5
Taxation charge relating to items not reclassified	10	**(2.0)**	(8.6)
		3.8	15.9
Items that may be reclassified subsequently to profit or loss:			
Revaluation of available-for-sale investments		**0.8**	0.1
Effect of changes in exchange rates on translation of foreign operations		**59.7**	8.8
Taxation charge relating to items that may be reclassified	10	**–**	(0.5)
		60.5	8.4
Other comprehensive income for the year		**64.3**	24.3
Total comprehensive income for the year		**108.0**	107.6
Attributable to:			
Equity holders of the parent		**107.3**	107.1
Non-controlling interests		**0.7**	0.5
		108.0	107.6

Consolidated Balance Sheet

as at 31 December 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Intangible assets arising on consolidation	13	**1,713.1**	357.4
Other intangible assets	14	**70.1**	22.1
Property, plant and equipment	15	**35.6**	27.4
Investment in associates	16	**53.5**	6.0
Investment in joint ventures	17	**8.0**	–
Available-for-sale investments	18	**23.5**	8.5
Deferred tax assets	20	**26.5**	2.4
Retirement benefit assets	35	**100.0**	88.2
Other long term receivables	21	**18.4**	–
		2,048.7	512.0
Current assets			
Trade and other receivables	21	**23,160.5**	2,639.2
Financial assets	19	**89.5**	20.3
Cash and cash equivalents	32	**696.1**	358.9
		23,946.1	3,018.4
Total assets		**25,994.8**	3,530.4
Current liabilities			
Trade and other payables	22	**(23,238.1)**	(2,666.7)
Interest bearing loans and borrowings	23	**(467.3)**	(140.9)
Current tax liabilities		**(41.7)**	(17.3)
Short term provisions	24	**(19.3)**	(21.3)
		(23,766.4)	(2,846.2)
Net current assets		**179.7**	172.2
Non-current liabilities			
Interest bearing loans and borrowings	23	**(79.5)**	(79.3)
Deferred tax liabilities	20	**(197.3)**	(33.2)
Long term provisions	24	**(9.4)**	(7.8)
Other long term payables	25	**(19.8)**	(22.2)
Retirement benefit obligations	35	**(3.3)**	–
		(309.3)	(142.5)
Total liabilities		**(24,075.7)**	(2,988.7)
Net assets		**1,919.1**	541.7
Equity			
Share capital	27	**138.5**	60.9
Share premium	28(a)	**17.1**	17.1
Merger reserve	28(a)	**1,377.5**	178.5
Other reserves	28(b)	**(1,111.0)**	(1,165.1)
Retained earnings	28(c)	**1,475.6**	1,448.6
Equity attributable to equity holders of the parent	28(c)	**1,897.7**	540.0
Non-controlling interests	28(c)	**21.4**	1.7
Total equity		**1,919.1**	541.7

The Consolidated Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 14 March 2017 and are signed on its behalf by

John Phizackerley
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

	Equity attributable to equity holders of the parent (Note 28)										
	Share capital £m	Share premium account £m	Merger reserve £m	Reverse acquisition reserve £m	Re-valuation reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
2016											
Balance at 1 January 2016	**60.9**	**17.1**	**178.5**	**(1,182.3)**	**1.4**	**15.9**	**(0.1)**	**1,448.6**	**540.0**	**1.7**	**541.7**
Profit for the year	–	–	–	–	–	–	–	**43.2**	**43.2**	**0.5**	**43.7**
Other comprehensive income for the year	–	–	–	–	**0.8**	**59.5**	–	**3.8**	**64.1**	**0.2**	**64.3**
Total comprehensive income for the year	–	–	–	–	**0.8**	**59.5**	–	**47.0**	**107.3**	**0.7**	**108.0**
Dividends paid	–	–	–	–	–	–	–	**(40.7)**	**(40.7)**	**(0.5)**	**(41.2)**
Own shares acquired for employee trusts	–	–	–	–	–	–	**(6.2)**	–	**(6.2)**	–	**(6.2)**
Issue of ordinary shares	**77.6**	–	**1,205.6**	–	–	–	–	–	**1,283.2**	–	**1,283.2**
Share issue costs	–	–	**(6.6)**	–	–	–	–	–	**(6.6)**	–	**(6.6)**
Non-controlling interests arising on acquisitions	–	–	–	–	–	–	–	–	–	**19.5**	**19.5**
Credit arising on share-based payment awards	–	–	–	–	–	–	–	**20.7**	**20.7**	–	**20.7**
Balance at 31 December 2016	**138.5**	**17.1**	**1,377.5**	**(1,182.3)**	**2.2**	**75.4**	**(6.3)**	**1,475.6**	**1,897.7**	**21.4**	**1,919.1**
2015											
Balance at 1 January 2015	60.9	17.1	178.5	(1,182.3)	1.4	7.6	(0.1)	1,378.8	461.9	1.6	463.5
Profit for the year	–	–	–	–	–	–	–	82.9	82.9	0.4	83.3
Other comprehensive income for the year	–	–	–	–	–	8.3	–	15.9	24.2	0.1	24.3
Total comprehensive income for the year	–	–	–	–	–	8.3	–	98.8	107.1	0.5	107.6
Dividends paid	–	–	–	–	–	–	–	(41.0)	(41.0)	(0.4)	(41.4)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	12.0	12.0	–	12.0
Balance at 31 December 2015	60.9	17.1	178.5	(1,182.3)	1.4	15.9	(0.1)	1,448.6	540.0	1.7	541.7

Consolidated Cash Flow Statement

for the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Cash flows from operating activities	31	**58.6**	144.0
Investing activities			
Sale/(purchase) of financial assets		**2.3**	(10.7)
Sale/(purchase) of available-for-sale investments		**0.2**	(0.4)
Interest received		**2.1**	1.8
Dividends from associates		**2.0**	1.5
Expenditure on intangible fixed assets		**(14.7)**	(9.3)
Purchase of property, plant and equipment		**(2.8)**	(4.6)
Deferred consideration paid		**(3.2)**	–
Investment in joint ventures		**(0.2)**	–
Acquisition consideration paid		**–**	(11.6)
Cash acquired with acquisitions		**316.3**	1.7
Cash sold with subsidiaries		**–**	(0.3)
Net cash flows from investment activities		**302.0**	(31.9)
Financing activities			
Dividends paid	12	**(40.7)**	(41.0)
Dividends paid to non-controlling interests		**(0.5)**	(0.4)
Own shares acquired for employee trusts		**(6.2)**	–
Drawdown of revolving credit facility		**140.0**	–
Repayment of maturing Sterling Notes		**(141.1)**	–
Funds received from bank debt		**470.0**	–
Repayment of revolving credit facility		**(140.0)**	–
Repayment of loan acquired with ICAP		**(330.0)**	–
Debt issue and bank facility arrangement costs		**(3.9)**	(4.3)
Net cash flows from financing activities		**(52.4)**	(45.7)
Net increase in cash and cash equivalents		**308.2**	66.4
Net cash and cash equivalents at the beginning of the year		**358.9**	287.1
Effect of foreign exchange rate changes		**29.0**	5.4
Net cash and cash equivalents at the end of the year	32	**696.1**	358.9
Cash and cash equivalents		**698.5**	358.9
Overdrafts		**(2.4)**	–
Cash and cash equivalents at the end of the year		**696.1**	358.9

Notes to the Consolidated Financial Statements

for the year ended 31 December 2016

1. General information
TP ICAP plc (formerly Tullett Prebon plc) is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 143. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 78 to 80 and in the Strategic Report on pages 2 to 40.

2. Basis of preparation
(a) Basis of accounting
The Group's consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') adopted by the European Union and comply with Article 4 of the EU IAS Regulation.

The Financial Statements are presented in Pounds sterling because that is the currency of the primary economic environment in which the Group operates and are rounded to the nearest hundred thousand (expressed as millions to one decimal place – £m), except where otherwise indicated. The significant accounting policies are set out in Note 3.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments held at fair values at the end of each reporting period, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
> Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
> Level 3 inputs are unobservable inputs for the asset or liability

(b) Basis of consolidation
The Group's Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company made up to 31 December each year. Under IFRS 10 'Consolidated Financial Statements', control is achieved where the Company exercises power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect the returns from the entity.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Other non-controlling interests are initially measured at fair value. The choice of measurement is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, including goodwill, less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control was lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Notes to the Consolidated Financial Statements
continued

for the year ended 31 December 2016

2. Basis of preparation continued

(c) Presentation of the Income Statement

The Group maintains a columnar format for the presentation of its Consolidated Income Statement. The columnar format enables the Group to continue its practice of aiding the understanding of its results by presenting its underlying profit. This is the profit measure used to calculate underlying EPS (Note 11) and is considered to be the most appropriate as it better reflects the Group's underlying earnings. Underlying profit is reconciled to profit before tax on the face of the Consolidated Income Statement, which also includes acquisition, disposal and integration costs and exceptional items.

The column 'acquisition, disposal and integration costs' includes: any gains, losses or other associated costs on the full or partial disposal of investments, associates, joint ventures or subsidiaries and costs associated with a business combination that do not constitute fees relating to the arrangement of financing; amortisation or impairment of intangible assets arising on consolidation; any remeasurement after initial recognition of contingent consideration which has been classified as a liability; and any gains or losses on the revaluation of previous interests. The column may also include items such as gains or losses on the settlement of pre-existing relationships with acquired businesses and the remeasurement of liabilities that are above the value of indemnification. Acquisition related integration costs include costs associated with exit or disposal activities, which do not meet the criteria of discontinued operations, including costs for employee and lease terminations, or other exit activities. Additionally, these costs include expenses directly related to integrating and reorganising acquired businesses and include items such as employee retention costs, recruiting costs, certain moving costs, certain duplicative costs during integration and asset impairments.

Items which are of a non-routine nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Group's results. These are shown as 'exceptional items' on the face of the Consolidated Income Statement.

(d) Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further detail is contained in the going concern section and viability statement included in the Directors' Report on pages 78 to 80.

(e) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year although their adoption has not had any significant impact on the Financial Statements:

> Amendments to IAS 1 'Presentation of financial statements' regarding disclosures;
> Annual Improvements to IFRSs (2012–2014 Cycle);
> Amendments to IAS 16 and IAS 38 regarding the clarification of acceptable methods of depreciation and amortisation; and
> Amendments to IFRS 11 regarding the accounting for acquisition of interests in Joint Operations.

At the date of authorisation of these Financial Statements, the following EU endorsed Standards and Interpretations were in issue but not yet effective. The Group has not applied these Standards or Interpretations in the preparation of these Financial Statements:

> IFRS 9 'Financial Instruments'; and
> IFRS 15 'Revenue from Contracts with Customers'.

The adoption of IFRS 9 will impact both the measurement and disclosures of financial instruments but it is not practicable to provide a complete estimate of its effect until a detailed review has been completed prior to implementation. The adoption of IFRS 15 may have an impact on revenue recognition and related disclosures.

The following Standards and Interpretations have not been endorsed by the EU and have not been applied in the preparation of these Financial Statements:

> IFRS 16 'Leases';
> Amendments to IAS 12 'Income Taxes' regarding the recognition of deferred tax assets for unrealised losses;
> Amendments to IAS 7 'Cash flow statements' regarding disclosures;
> Clarifications to IFRS 15 'Revenue from Contracts with Customers';
> Amendments to IFRS 2 'Share-based payment transactions' regarding the classification and measurement of share-based payment transactions;
> Annual Improvements to IFRS Standards (2014-2016 Cycle); and
> IFRIC Interpretation 22 relating to foreign currency transactions and advance consideration.

The adoption of IFRS 16 will change how leases are recognised and will impact the Group's reported assets, liabilities, income statement and cash flows. Furthermore, extensive disclosures will be required by IFRS 16. It is not practicable to provide a complete estimate of its effect until a detailed review has been completed prior to implementation. The Directors do not expect the adoption of the other Standards and Interpretations will have a material impact on the Financial Statements of the Group in future periods.

3. Summary of significant accounting policies

(a) Income recognition

Revenue, which excludes sales taxes, includes brokerage including commissions, fees earned and subscriptions for information sales. Fee income is recognised when the related services are completed and the income is considered receivable.

Revenue comprises:

(i) Name Passing brokerage, where counterparties to a transaction settle directly with each other. Revenue for the service of matching buyers and sellers of financial instruments is stated net of sales taxes, rebates and discounts and is recognised in full on trade date;
(ii) Matched Principal brokerage revenue, being the net proceeds from a commitment to simultaneously buy and sell financial instruments with counterparties, is recognised on trade date;
(iii) Executing Broker brokerage, where the Group executes transactions on certain regulated exchanges and then 'gives-up' the trade to the relevant client, or its clearing member. Revenue for the service of matching buyers and sellers of financial instruments is stated net of sales taxes, rebates and discounts and is recognised in full on trade date; and
(iv) Fees earned from the sales of price information from financial and commodity markets to third parties is recognised on an accruals basis to match the provision of the service.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognised when the Group's right to receive the payment is established.

(b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year. All subsequent changes in the fair value of contingent consideration classified as an asset or a liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

> deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 'Income Taxes';
> liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 'Employee Benefits';
> acquiree share-based payment awards replaced by Group awards are measured in accordance with IFRS 2 'Share-based Payments'; and
> assets or disposal groups that are classified for sale are measured in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, provisional amounts are reported. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognised, to reflect the facts and circumstances that existed as at the acquisition date.

Non-controlling interests in the acquired entity are initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Investment in associates

An associate is an entity over which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these Financial Statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any discount in the cost of acquisition below the Group's share of the fair value of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited to profit and loss in the year of acquisition.

Notes to the Consolidated Financial Statements
continued
for the year ended 31 December 2016

3. Summary of significant accounting policies continued
(c) Investment in associates continued
Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of impairment of the asset transferred in which case appropriate provision is made for impairment.

(d) Interests in joint arrangements
A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Joint ventures are joint arrangements which involve the establishment of a separate entity in which each party has rights to the net assets of the arrangement. The Group reports its interests in joint ventures using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of the joint venture in excess of the Group's interest in those joint ventures are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments under the terms of the joint venture.

(e) Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or associate at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts at that date.

Goodwill recognised as an asset is reviewed for impairment at least annually. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of any goodwill allocated to the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Goodwill arising on the acquisition of an associate or joint venture is included within the carrying value of the associate or the joint venture. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Intangible assets
Software and software development costs
An internally generated intangible asset arising from the Group's software development is recognised at cost only if all of the following conditions are met:

> an asset is created that can be identified;
> it is probable that the asset created will generate future economic benefits; and
> the development costs of the asset can be measured reliably.

Where the above conditions are not met, costs are expensed as incurred.

Acquired separately or from a business combination
Intangible assets acquired separately are capitalised at cost and intangible assets acquired in a business acquisition are capitalised at fair value at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation charged on assets with a finite useful life is taken to the income statement through administrative expenses.

Other than software development costs, intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their finite useful lives generally on a straight-line basis, as follows:

Software:	
Purchased or developed	– up to 5 years
Software licences	– over the period of the licence
Acquisition intangibles:	
Brand/Trademarks	– up to 5 years
Customer relationships	– 2 to 20 years
Other intangibles	– over the period of the contract

Intangible assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3. Summary of significant accounting policies continued

(g) Property, plant and equipment

Freehold land is stated at cost. Buildings, furniture, fixtures, equipment and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight-line basis over its expected useful life as follows:

Furniture, fixtures, equipment and motor vehicles	– 3 to 10 years
Short and long leasehold land and buildings	– period of the lease
Freehold land	– infinite
Freehold buildings	– 50 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

(h) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less any cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.
A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Broker contract payments

Payments made to brokers under employment contracts which are in advance of the expected economic benefit due to the Group are accounted for as prepayments and included within trade and other receivables. Payments made in advance are subject to repayment conditions during the contract period and the prepayment is amortised over the shorter of the contract term and the period the payment remains recoverable. Amounts that are irrecoverable, or become irrecoverable, are written off immediately.

Payments made in arrears are accrued and are included within trade and other payables.

(j) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are derecognised when all derecognition criteria of IAS 39 are met and the Group no longer controls the contractual rights that comprise the financial instrument. This is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

Financial assets are classified on initial recognition as 'available-for-sale', 'loans and receivables' or 'at fair value through profit or loss' ('FVTPL'). Financial liabilities are classified on initial recognition as either 'at fair value through profit or loss' ('FVTPL') or as 'other financial liabilities'.

Available-for-sale

Certain of the Group's investments are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in other comprehensive income.
For equity financial assets, where the fair value cannot be reliably measured, the assets are held at cost less any provision for impairment. These assets are generally expected to be held for the long term and are included in non-current assets. Assets such as holdings in exchanges, cash related instruments and long term equity investments that do not qualify as associates or joint ventures are classified as available-for-sale. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial instruments that have fixed or determinable payments that are not listed in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised using the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. Settlement balances, trade receivables, loans and other receivables are classified as 'loans and receivables'.

Notes to the Consolidated Financial Statements
continued
for the year ended 31 December 2016

3. Summary of significant accounting policies continued

(j) Financial assets and financial liabilities continued

The Group acts as an intermediary between its customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due to and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned.

Fair value through profit or loss

Financial assets and liabilities can be designated at fair value through profit or loss where they meet specific criteria set out in IAS 39 'Financial Instruments: Recognition and Measurement' or where assets or liabilities are held for trading. Subsequent changes in fair value are recognised directly in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Impairment is recognised in the income statement.

(k) Derivative financial instruments

Derivative financial instruments, such as foreign currency contracts and interest rate swaps, are entered into by the Group in order to manage its exposure to interest rate and foreign currency fluctuations or as simultaneous back-to-back transactions with counterparties. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(l) Hedge accounting

Derivatives designated as hedges are either 'fair value hedges' or 'hedges of net investments in foreign operations'.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in the hedging and translation reserve in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in financial income or financial expense respectively.

Gains and losses deferred in the hedging and translation reserve are recognised in profit or loss on disposal of the foreign operation.

(m) Settlement balances

Certain Group companies engage in Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions typically takes place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

(n) Derivative financial instrument balances arising from business activities

The Group undertakes Matched Principal broking involving simultaneous back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at fair value through profit or loss ('FVTPL') and are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

(o) Cash and cash equivalents

Cash comprises cash in hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3. Summary of significant accounting policies continued

(o) Cash and cash equivalents continued

The Group holds money, and occasionally financial instruments, on behalf of customers (client monies) in accordance with local regulatory rules. Since the Group is not beneficially entitled to these amounts, they are excluded from the Consolidated Balance Sheet along with the corresponding liabilities to customers.

Restricted funds comprise cash held with a central counterparty clearing house ('CCP'), or a financial institution providing the Group with access to a CCP, and funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

(p) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs and any discounts or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

(q) Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event where it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring, which has been notified to affected parties.

(r) Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates, its functional currency. For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds sterling, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Gains and losses arising from the settlement of these transactions, and from the retranslation of monetary assets and liabilities denominated in currencies other than the functional currency at rates prevailing at the balance sheet date, are recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at historical cost or fair value are translated at the exchange rate at the date of the transaction or at the date the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of. Income and expense items are translated at average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used.

(s) Taxation

The tax expense represents the sum of current tax payable arising in the year, movements in deferred tax and movements in tax provisions. The tax expense includes any interest and penalties payable.

The current tax payable arising in the year is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Temporary differences are not recognised if they arise from goodwill or from initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled or when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

(t) Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements
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for the year ended 31 December 2016

3. Summary of significant accounting policies continued

(u) Retirement benefit costs

Defined contributions made to employees' personal pension plans are charged to the income statement as and when incurred.

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur. They are recognised outside the income statement and are presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits have already vested, and is otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the net of the present value of the defined benefit obligation as adjusted for actuarial gains and losses and past service cost, and the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(v) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The fair value of share options issued is determined using appropriate valuation models. The expected life used in the models has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The estimated fair value of shares granted is based on the share price at grant date, reduced where shares do not qualify for dividends during the vesting period. Market-based performance conditions for equity-settled payments are reflected in the initial fair value of the award.

(w) Equity instruments

Equity instruments issued by the Company are recorded at the value of proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(x) Treasury shares

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(y) Accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period an estimate is revised. Significant judgement and estimates are necessary in relation to the following matters:

Identification and measurement of intangible assets arising on consolidation

Accounting for business combinations requires the excess of the purchase price of acquisitions to be allocated to the identifiable assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price and in selecting valuation techniques and setting valuation assumptions to determine the acquisition date fair values of the intangible assets that arise on consolidation and to estimate the useful lives of these assets. Note 30 provides details of the acquisitions undertaken during the year.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates. Note 13 describes the assumptions used together with an analysis of the sensitivity to reasonably possible changes in key assumptions.

Provisions

Provisions are established by the Group based on management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount initially provided will impact profit or loss in the period the outcome is determined. Note 24 and Note 33 provide details of the Group's provisions and contingent liabilities.

Retirement benefit asset

The Group's retirement benefit asset is the net of its defined benefit scheme's assets and the related defined benefit obligation. The defined benefit obligation represents the scheme's future liabilities, which are estimated using actuarial and other financial assumptions, discounted to a current value using a discount rate set by reference to market yields on high quality corporate bonds. The value of the defined benefit obligation is sensitive to changes in the actuarial, financial and discount rate assumptions, changes to which would be reflected in other comprehensive income in the period the change occurs. Note 35 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

4. Segmental analysis

Products and services from which reportable segments derive their revenues

The Group is organised by geographic reporting segments which are used for the purposes of resource allocation and assessment of segmental performance by Group management. These are the Group's reportable segments under IFRS 8 'Operating Segments'.

Each geographic reportable segment derives revenue from Energy & Commodities, Interest Rate Derivatives, Fixed Income, Treasury Products, Equities, and Information Sales and Risk Management Services.

Information regarding the Group's operating segments is reported below:

Analysis by geographical segment

	2016 £m	2015 £m
Revenue		
EMEA	**480.9**	455.3
Americas	**279.6**	234.5
Asia Pacific	**131.0**	106.2
	891.5	796.0
Operating profit		
EMEA	**97.7**	81.2
Americas	**18.2**	14.9
Asia Pacific	**15.6**	11.8
Underlying operating profit	**131.5**	107.9
Acquisition, disposal and integration costs (Note 6)	**(56.6)**	(24.7)
Exceptional items (Note 6)	**(1.6)**	38.7
Reported operating profit	**73.3**	121.9
Finance income	**5.3**	4.1
Finance costs	**(21.8)**	(20.3)
Profit before tax	**56.8**	105.7
Taxation	**(17.1)**	(25.0)
Profit after tax	**39.7**	80.7
Share of results of associates and joint ventures	**4.0**	2.6
Profit for the year	**43.7**	83.3

There are no inter-segment sales included in segment revenue.

TP ICAP plc is domiciled in the UK. Revenue attributable to the UK amounted to £422.4m (2015: £399.7m) and the total revenue from other countries was £469.1m (2015: £396.3m).

Notes to the Consolidated Financial Statements
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4. Segmental analysis continued
Other segmental information

	2016 £m	2015 £m
Capital additions		
EMEA – UK	**15.2**	10.4
EMEA – Other	**0.1**	0.8
Americas	**1.3**	2.0
Asia Pacific	**0.9**	0.7
	17.5	13.9

	2016 £m	2015 £m
Depreciation and amortisation		
EMEA – UK	**10.2**	9.1
EMEA – Other	**0.8**	0.8
Americas	**4.6**	4.4
Asia Pacific	**0.8**	0.7
	16.4	15.0

	2016 £m	2015 £m
Share-based compensation		
EMEA – UK (including £16.0m relating to acquisitions (2015: £10.2m))	**18.6**	11.1
EMEA – Other	**0.2**	–
Americas (including £0.1m relating to acquisitions (2015: £0.1m))	**1.5**	0.6
Asia Pacific (including £0.2m relating to acquisitions (2015: £0.2m))	**0.4**	0.3
	20.7	12.0

	Non-current £m	Current £m	2016 £m	2015 £m
Segment assets				
EMEA – UK	**809.2**	**7,591.0**	**8,400.2**	1,436.8
EMEA – Other	**14.6**	**46.3**	**60.9**	26.7
Americas	**387.4**	**16,181.8**	**16,569.2**	1,987.9
Asia Pacific	**150.5**	**127.0**	**277.5**	79.0
	1,361.7	**23,946.1**	**25,307.8**	3,530.4
Unallocated goodwill arising on the acquisition of ICAP (Note 13)	**687.0**	**–**	**687.0**	–
	2,048.7	**23,946.1**	**25,994.8**	3,530.4

	Non-current £m	Current £m	2016 £m	2015 £m
Segment liabilities				
EMEA – UK	**135.6**	**7,550.3**	**7,685.9**	1,059.2
EMEA – Other	**5.8**	**44.2**	**50.0**	21.6
Americas	**138.3**	**16,054.6**	**16,192.9**	1,867.0
Asia Pacific	**29.6**	**117.3**	**146.9**	40.9
	309.3	**23,766.4**	**24,075.7**	2,988.7

Segment assets and liabilities exclude all inter-segment balances.

4. Segmental analysis continued

Analysis by product group

	2016 £m	2015 £m
Revenue		
Energy & Commodities	**245.3**	204.3
Interest Rate Derivatives	**143.6**	135.3
Fixed Income	**183.0**	171.2
Treasury Products	**194.1**	185.0
Equities	**57.3**	46.3
Information Sales and Risk Management Services	**68.2**	53.9
	891.5	796.0

5. Other operating income

Other operating income represents receipts such as rental income, royalties, insurance proceeds, settlements from competitors, business relocation grants and pension scheme settlement gain (Note 35). Costs associated with such items are included in administrative expenses.

6. Profit for the year

The profit for the year has been arrived at after charging/(crediting):

	2016 £m	2015 £m
Depreciation of property, plant and equipment (Note 15)	**8.0**	7.7
Amortisation of intangible assets (Note 14)	**8.4**	7.3
Amortisation of acquisition related intangible assets (Note 13)	**1.4**	1.2
Staff costs (Note 7)	**589.4**	546.4
Net foreign exchange (gains)/losses	**(2.1)**	0.1
Auditor's remuneration for audit services (see below)	**3.6**	2.3

Acquisition, disposal and integration costs comprise:

	2016 £m	2015 £m
ICAP acquisition costs	**16.8**	12.1
ICAP integration costs	**19.3**	–
Other acquisition costs	**0.3**	0.5
Acquisition related share-based payment charge	**16.3**	10.5
Amortisation of intangible assets arising on consolidation	**1.4**	1.2
Loss on disposal of subsidiary undertakings and associates	**0.3**	0.6
Adjustments to acquisition consideration (Note 30(b))	**2.2**	(0.2)
	56.6	24.7
Finance costs (Note 9)	**6.6**	2.0
	63.2	26.7
Taxation	**(5.3)**	(3.0)
	57.9	23.7

Notes to the Consolidated Financial Statements
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6. Profit for the year continued
ICAP integration costs incurred in the year can be analysed as follows:

	2016 £m	2015 £m
Employee related costs	7.3	–
Premises and equipment	0.5	–
Other administrative costs	11.5	–
	19.3	–

Exceptional items comprise:

	2016 £m	2015 £m
Pension scheme settlement gain (Note 35)	(3.6)	–
Net credit relating to major legal actions	–	(64.4)
Charge relating to cost improvement programmes	5.2	25.7
	1.6	(38.7)
Taxation	0.3	10.5
	1.9	(28.2)

The analysis of auditor's remuneration is as follows:

	2016 £000	2015 £000
Audit of the Group's annual accounts	1,362	393
Audit of the Company's subsidiaries and associates pursuant to legislation	2,234	1,882
Total audit fees	3,596	2,275
Audit related assurance services	283	237
Taxation compliance services	129	103
Other taxation advisory services	34	28
Corporate finance services[1]	899	1,703
Other services	44	21
Total non-audit fees	1,389	2,092
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	18	13

Note:
1 Corporate finance services relate primarily to the acquisition of ICAP, £200,000 (2015: £1,220,000) relating to due diligence services and £600,000 (2015: £463,000) as reporting accountants.

7. Staff costs

The average monthly number of full time equivalent employees and Directors of the Group was:

	2016 No.	2015 No.
EMEA	**1,267**	1,261
Americas	**838**	848
Asia Pacific	**599**	585
	2,704	2,694

The aggregate employment costs of staff and Directors were:

	2016 £m	2015 £m
Wages, salaries, bonuses and incentive payments	**518.9**	486.7
Social security costs	**42.6**	40.6
Defined contribution pension costs (Note 35(c))	**7.2**	7.1
Acquisition related share-based payment expense	**16.3**	10.5
Other share-based compensation expense	**4.4**	1.5
	589.4	546.4

8. Finance income

	2016 £m	2015 £m
Interest receivable and similar income	**2.1**	1.8
Deemed interest arising on the defined benefit pension scheme surplus (Note 35(b))	**3.2**	2.3
	5.3	4.1

9. Finance costs

	Underlying £m	Acquisition related £m	Total £m
2016			
Interest and fees payable on bank facilities	**3.9**	**3.3**	**7.2**
Interest payable on Sterling Notes July 2016	**5.1**	**–**	**5.1**
Interest payable on Sterling Notes June 2019	**4.2**	**–**	**4.2**
Other interest payable	**0.5**	**–**	**0.5**
Amortisation of debt issue and bank facility costs	**1.2**	**3.0**	**4.2**
Total borrowing costs	**14.9**	**6.3**	**21.2**
Unwind of discounted liabilities (Note 30(b))	**0.3**	**0.3**	**0.6**
	15.2	**6.6**	**21.8**
2015			
Interest and fees payable on bank facilities	1.6	0.6	2.2
Interest payable on Sterling Notes July 2016	9.9	–	9.9
Interest payable on Sterling Notes June 2019	4.2	–	4.2
Other interest payable	0.4	–	0.4
Amortisation of debt issue and bank facility costs	1.8	1.1	2.9
Total borrowing costs	17.9	1.7	19.6
Unwind of discounted liabilities (Note 30(b))	0.4	0.3	0.7
	18.3	2.0	20.3

Acquisition related items include £6.0m of fees and interest relating to the acquisition of ICAP that were incurred on facilities arranged in contemplation of the transaction, costs of £0.3m incurred on a planned refinancing of the Group's £141.1m Sterling Notes that was cancelled due to the acquisition, and £0.3m relating to unwinding the discount on PVM deferred consideration.

Notes to the Consolidated Financial Statements
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for the year ended 31 December 2016

10. Taxation

	2016 £m	2015 £m
Current tax		
UK corporation tax	**11.0**	22.7
Overseas tax	**5.5**	4.2
Prior year UK corporation tax	**0.3**	(0.4)
Prior year overseas tax	**(0.4)**	(1.6)
	16.4	24.9
Deferred tax (Note 20)		
Current year	**1.0**	0.2
Prior year	**(0.3)**	(0.1)
	0.7	0.1
Tax charge for the year	**17.1**	25.0

The charge for the year can be reconciled to the profit in the income statement as follows:

	2016 £m	2015 £m
Profit before tax	**56.8**	105.7
Tax based on the UK corporation tax rate of 20% (2015: 20.25%)	**11.4**	21.4
Tax effect of expenses that are not deductible	**9.5**	5.0
Tax effect of non-taxable income	**(0.1)**	(0.4)
Unrecognised timing differences	**(8.5)**	(1.7)
Prior year adjustments	**(0.4)**	(2.1)
Impact of overseas tax rates	**4.8**	3.0
Other	**0.4**	(0.2)
Tax charge for the year	**17.1**	25.0

The UK corporation tax rate for 2016 is 20% (2015: 20.25%,reflecting three months at 21% and nine months at 20%).

In addition to the income statement charge, the following current and deferred tax items have been included in other comprehensive income and equity:

	Recognised in other comprehensive income £m	Recognised in equity £m	Total £m
2016			
Current tax charge relating to:			
– Exchange movement on net investment loans	**–**	**–**	**–**
Deferred tax charge relating to:			
– Increase in the defined benefit pension scheme surplus	**2.0**	**–**	**2.0**
– Change in fair value of available-for-sale investments	**–**	**–**	**–**
Tax charge on items taken directly to other comprehensive income and equity	**2.0**	**–**	**2.0**
2015			
Current tax charge relating to:			
– Exchange movement on net investment loans	0.4	–	0.4
Deferred tax charge relating to:			
– Increase in the defined benefit pension scheme surplus	8.6	–	8.6
– Change in fair value of available-for-sale investments	0.1	–	0.1
Tax charge on items taken directly to other comprehensive income and equity	9.1	–	9.1

11. Earnings per share

	2016	2015
Basic – underlying	**42.5p**	32.2p
Diluted – underlying	**41.0p**	31.5p
Basic earnings per share	**17.8p**	34.0p
Diluted earnings per share	**17.2p**	33.3p

The calculation of basic and diluted earnings per share is based on the following number of shares:

	2016 No.(m)	2015 No.(m)
Basic weighted average shares[1]	**242.3**	243.6
Contingently issuable shares	**9.1**	5.1
Diluted weighted average shares[1]	**251.4**	248.7

Note:
1 The 310,314,296 shares issued to acquire ICAP at the end of December 2016 have a nil weighting when calculating the weighted average number of shares for 2016 because the shares were issued at the end of the year and none of the earnings related to the newly issued shares.

The earnings used in the calculation of underlying, basic and diluted earnings per share are set out below:

	2016 £m	2015 £m
Earnings for the year	**43.7**	83.3
Non-controlling interests	**(0.5)**	(0.4)
Earnings	**43.2**	82.9
Acquisition, disposal and acquisition costs (Note 6)	**63.2**	26.7
Exceptional items (Note 6)	**1.6**	(38.7)
Tax on exceptional and acquisition related items	**(5.0)**	7.5
Underlying earnings	**103.0**	78.4

12. Dividends

	2016 £m	2015 £m
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2016 of 5.6p per share	**13.5**	–
Final dividend for the year ended 31 December 2015 of 11.25p per share	**27.2**	–
Interim dividend for the year ended 31 December 2015 of 5.6p per share	**–**	13.6
Final dividend for the year ended 31 December 2014 of 11.25p per share	**–**	27.4
	40.7	41.0

In respect of the current year, the Directors declared a second interim dividend of 11.25p per share amounting to £27.2m which was paid on 13 January 2017 to all shareholders that were on the Register of Members on 23 December 2016. This dividend has not been included as a liability in these Financial Statements.

The trustees of the Tullett Prebon plc Employee Benefit Trust 2007 have waived their rights to dividends.

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13. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2016	**347.5**	**9.9**	**357.4**
Recognised on acquisitions – ICAP	**687.0**	**639.0**	**1,326.0**
Recognised on acquisitions – other	**2.9**	**–**	**2.9**
Amortisation of acquisition related intangibles	**–**	**(1.4)**	**(1.4)**
Effect of movements in exchange rates	**26.5**	**1.7**	**28.2**
At 31 December 2016	**1,063.9**	**649.2**	**1,713.1**
At 1 January 2015	327.1	9.5	336.6
Recognised on acquisitions	14.5	1.1	15.6
Amortisation of acquisition related intangibles	–	(1.2)	(1.2)
Effect of movements in exchange rates	5.9	0.5	6.4
At 31 December 2015	347.5	9.9	357.4

Other intangible assets at 31 December 2016 represent customer relationships, £610.0m (2015: £8.5m), business brands and trade marks, £28.2m (2015: £1.4m), and other intangibles, £11.0m (2015: £nil) that arise through business combinations. Customer relationships are being amortised over 20 years.

Goodwill arising through business combinations has been allocated to individual cash-generating units ('CGUs') for impairment testing as follows:

	2016 £m	2015 £m
CGU		
EMEA	**195.1**	195.1
North America	**93.5**	75.9
Brazil	**3.5**	2.3
Asia Pacific	**19.3**	19.3
PVM	**65.5**	54.9
Goodwill allocated to CGUs	**376.9**	347.5
Unallocated goodwill	**687.0**	–
	1,063.9	347.5

The provisional amount of goodwill arising on the acquisition of ICAP (Note 30) has not been allocated to CGUs due to the proximity of the acquisition to the year end. As permitted by IAS 36 'Impairment of assets', allocation to relevant CGUs will be completed before the end of 2017. As the goodwill has not been allocated to relevant CGUs it has not been assessed for impairment in the current period.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. The recoverable amount of each CGU is the higher of its value in use ('VIU') or its net realisable value ('NRV').

As at 31 December 2016 VIU has been used to estimate recoverable amounts for all CGUs except for Brazil where the recoverable amount has been based on that CGU's NRV. For all CGUs, the estimate of the recoverable amount was higher than the carrying value.

The key assumptions for the VIU calculations are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future cash flow projections are based on the most recent financial budgets considered by the Board which are used to project cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Goodwill has an indefinite life and this is reflected in the calculation of the CGU's terminal value. Estimated average growth rates, based on each region's constituent country growth rates as published by the World Bank, are used to estimate cash flows after the budgeted period. Discount rates used are based on the Group's weighted average cost of capital and are a function of the Group's cost of equity, derived using a Capital Asset Pricing Model ('CAPM'), and the Group's cost of debt. The cost of equity estimate depended on inputs in the CAPM reflecting a number of variables including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These inputs are based on external assessment of economic variables together with management's judgement.

13. Intangible assets arising on consolidation continued
The VIU calculations used annual growth rates of 2% for EMEA (2015: 2%), 2.5% for North America (2015: 2.5%), 3% for Asia Pacific (2015: 3%) and 2% for PVM (2015: 2%). Terminal values for each CGU assumed no further growth reflecting longer term forecasting constraints. Resultant cash flows for EMEA, North America, Asia Pacific and PVM have been discounted at a pre-tax discount rate of 10.5% (2015: 10.5% with 12.5% for North America).

These calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions. All VIU calculations are insensitive to reasonably possible changes in the discount rate and are most sensitive to lower growth rate assumptions which reduce expected cash flows. With zero growth all CGUs' recoverable amounts were still higher than their carrying value. At this level the recoverable amount for EMEA exceeded its carrying value by £203m, which reduces to £nil if annual growth rates fall to negative 4% over the projected cash flow period, North America exceeded its carrying value by £145m, which reduces to £nil if annual growth rates fall to negative 4% over the projected cash flow period, and Asia exceeded its carrying value by £106m, which reduces to £nil if annual growth rates fall to negative 6% over the projected cash flow period. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2016	**9.2**	**49.5**	**58.7**
Additions	**0.5**	**14.2**	**14.7**
Acquired with acquisitions – ICAP	**2.4**	**38.8**	**41.2**
Acquired with acquisitions – other	**0.3**	**–**	**0.3**
Amounts derecognised	**(2.7)**	**(2.2)**	**(4.9)**
Effect of movements in exchange rates	**1.9**	**2.8**	**4.7**
At 31 December 2016	**11.6**	**103.1**	**114.7**
Accumulated amortisation			
At 1 January 2016	**(6.2)**	**(30.4)**	**(36.6)**
Charge for the year	**(1.6)**	**(6.8)**	**(8.4)**
Amounts derecognised	**2.7**	**2.2**	**4.9**
Effect of movements in exchange rates	**(0.9)**	**(3.6)**	**(4.5)**
At 31 December 2016	**(6.0)**	**(38.6)**	**(44.6)**
Carrying amount			
At 31 December 2016	**5.6**	**64.5**	**70.1**
Cost			
At 1 January 2015	7.4	41.8	49.2
Additions	1.9	7.4	9.3
Amounts derecognised	(0.6)	(0.3)	(0.9)
Effect of movements in exchange rates	0.5	0.6	1.1
At 31 December 2015	9.2	49.5	58.7
Accumulated amortisation			
At 1 January 2015	(5.5)	(23.6)	(29.1)
Charge for the year	(1.1)	(6.2)	(7.3)
Amounts derecognised	0.6	0.2	0.8
Effect of movements in exchange rates	(0.2)	(0.8)	(1.0)
At 31 December 2015	(6.2)	(30.4)	(36.6)
Carrying amount			
At 31 December 2015	3.0	19.1	22.1

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15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2016	**28.3**	**56.0**	**84.3**
Additions	**0.5**	**2.3**	**2.8**
Acquired with acquisitions – ICAP	**6.0**	**4.6**	**10.6**
Disposals	**(0.1)**	**(1.8)**	**(1.9)**
Effect of movements in exchange rates	**3.4**	**6.5**	**9.9**
At 31 December 2016	**38.1**	**67.6**	**105.7**
Accumulated depreciation			
At 1 January 2016	**(15.2)**	**(41.7)**	**(56.9)**
Charge for the year	**(2.1)**	**(5.9)**	**(8.0)**
Disposals	**0.1**	**1.8**	**1.9**
Effect of movements in exchange rates	**(1.7)**	**(5.4)**	**(7.1)**
At 31 December 2016	**(18.9)**	**(51.2)**	**(70.1)**
Carrying amount			
At 31 December 2016	**19.2**	**16.4**	**35.6**
Cost			
At 1 January 2015	25.4	53.9	79.3
Additions	2.3	2.3	4.6
Acquired with acquisitions	0.5	0.2	0.7
Disposals	(0.4)	(1.2)	(1.6)
Effect of movements in exchange rates	0.5	0.8	1.3
At 31 December 2015	28.3	56.0	84.3
Accumulated depreciation			
At 1 January 2015	(13.2)	(36.7)	(49.9)
Charge for the year	(1.9)	(5.8)	(7.7)
Disposals	0.1	1.3	1.4
Effect of movements in exchange rates	(0.2)	(0.5)	(0.7)
At 31 December 2015	(15.2)	(41.7)	(56.9)
Carrying amount			
At 31 December 2015	13.1	14.3	27.4

No assets are held under finance leases.

16. Investment in associates

	2016 £m	2015 £m
At 1 January	**6.0**	5.0
Acquired with acquisitions – ICAP	**44.7**	–
Disposals	**(0.1)**	–
Share of profit for the year	**4.2**	2.6
Dividends received	**(2.0)**	(1.5)
Effect of movements in exchange rates	**0.7**	(0.1)
At 31 December	**53.5**	6.0
Summary financial information for associates		
Aggregated amounts (for associates at the year end):		
Total assets	**120.0**	29.5
Total liabilities	**(55.9)**	(12.0)
Net assets	**64.1**	17.5
Aggregated amounts (for associates during the year):		
Revenue	**48.3**	32.1
Profit for the year	**12.7**	7.8
Group's share of profit for the year	**4.0**	2.6
Dividends received from associates during the year	**2.0**	1.5

16. Investment in associates continued

Interests in associates are measured using the equity method. All associates are involved in broking activities and have either a 31 December or 31 March year end. The difference in year ends to that of the Group is not considered to have a material impact on their results.

Country of incorporation and operation	Associated undertakings	Percentage held
Bahrain	ICAP (Middle East) W.L.L.[1]	49%
China	Tullett Prebon SITICO (China) Limited	33%
India	Prebon Yamane (India) Limited	48%
	ICAP IL India Private Limited[1]	40%
Japan	Totan ICAP Co., Ltd.[1]	40%
	Central Totan Securities Co. Ltd[1]	20%
Malaysia	Amanah Butler Malaysia Sdn Bhd[1]	32.1%
Spain	Corretaje e Informacion Monetaria y de Divisas SA[1]	21.5%
Thailand	Wall Street Tullett Prebon Limited	49%
United States	First Brokers Securities LLC[1]	40%

Note:
1 31 March year end.

17. Investment in joint ventures

	2016 £m	2015 £m
At 1 January	–	–
Additions	0.2	–
Acquired with acquisitions – ICAP	8.0	–
Share of result for the year	(0.2)	–
At 31 December	8.0	–
Summary financial information for joint ventures		
Aggregated amounts (for joint ventures at the year end):		
Total assets	10.4	–
Total liabilities	(6.5)	–
Net assets	3.9	–
Aggregated amounts (for joint ventures during the year):		
Revenue	–	–
Result for the year	(0.4)	–
Group's share of result for the year	(0.2)	–
Dividends received from joint ventures during the year	–	–

Interests in joint ventures are measured using the equity method. All joint ventures are involved in broking activities and have a 31 December year end.

Country of incorporation and operation	Joint ventures	Percentage held
Colombia	SET-ICAP FX SA	47.9%
	SET-ICAP Securities S.A.	47.4%
England	tpSynrex Ltd	50%
Mexico	SIF ICAP, S.A. de C.V.	50%
United States	Energy Curves LLC	50%

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18. Available-for-sale investments

	2016 £m	2015 £m
At 1 January	**8.5**	5.2
Additions	**–**	3.2
Acquired with acquisitions – ICAP	**13.4**	–
Disposals	**(0.2)**	–
Impairment	**(0.2)**	–
Revaluation in the year recognised in other comprehensive income	**0.8**	0.1
Effect of movements in exchange rates	**1.2**	–
At 31 December	**23.5**	8.5
Available-for-sale investments carried at fair value		
– unlisted	**17.2**	5.0
– listed	**3.3**	0.7
Loans and receivables	**3.0**	2.8
	23.5	8.5

The fair values of unlisted available-for-sale investments and loans and receivables are based on derived valuations as disclosed in Note 26(i).

Listed available-for-sale investments comprise equity securities that do not qualify as associates or joint ventures. Fair values are based on their quoted market price (Level 1 valuation).

19. Financial assets

	2016 £m	2015 £m
Short term government securities	**17.5**	13.7
Term deposits	**1.2**	6.6
Restricted funds	**70.8**	–
	89.5	20.3

Financial assets are liquid funds held on deposit with banks and clearing organisations. Restricted funds comprise cash held with a central counterparty clearing house (‘CCP’), or a financial institution providing the Group with access to a CCP, and funds set aside for regulatory purposes. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

20. Deferred tax

	2016 £m	2015 £m
Deferred tax assets	**26.5**	2.4
Deferred tax liabilities	**(197.3)**	(33.2)
	(170.8)	(30.8)

The movement for the year in the Group's net deferred tax position was as follows:

	2016 £m	2015 £m
At 1 January	**(30.8)**	(21.8)
Charge to income for the year	**(0.7)**	(0.1)
Charge to other comprehensive income for the year	**(2.0)**	(8.7)
Recognised with acquisitions – ICAP	**(137.6)**	–
Effect of movements in exchange rates	**0.3**	(0.2)
At 31 December	**(170.8)**	(30.8)

Deferred tax balances and movements thereon are analysed as:

	At 1 January £m	Recognised in profit or loss £m	Recognised in other comprehensive income £m	Recognised with acquisitions £m	Effect of movements in exchange rates £m	At 31 December £m
2016						
Share-based payment awards	**0.5**	**0.1**	**–**	**1.2**	**–**	**1.8**
Defined benefit pension scheme	**(30.9)**	**(2.1)**	**(2.0)**	**1.9**	**–**	**(33.1)**
Tax losses	**–**	**0.1**	**–**	**0.1**	**–**	**0.2**
Bonuses	**0.3**	**0.8**	**–**	**17.9**	**0.4**	**19.4**
Intangible assets arising on consolidation	**–**	**–**	**–**	**(160.0)**	**–**	**(160.0)**
Other timing differences	**(0.7)**	**0.4**	**–**	**1.3**	**(0.1)**	**0.9**
	(30.8)	**(0.7)**	**(2.0)**	**(137.6)**	**0.3**	**(170.8)**
2015						
Share-based payment awards	0.2	0.3	–	–	–	0.5
Defined benefit pension scheme	(21.7)	(0.6)	(8.6)	–	–	(30.9)
Tax losses	0.4	(0.4)	–	–	–	–
Other timing differences	(0.7)	0.6	(0.1)	–	(0.2)	(0.4)
	(21.8)	(0.1)	(8.7)	–	(0.2)	(30.8)

At the balance sheet date, the Group has gross unrecognised temporary differences of £134.7m with the unrecognised net tax amount being £32.9m (2015: gross £109.7m and net tax £24.8m respectively). This includes gross tax losses of £101.1m with the net tax amount being £22.9m (2015: gross £87.7m and net tax £16.8m respectively), which are potentially available for offset against future profits. Of the unrecognised gross losses £57.4m (2015: £74.0m) are expected to expire within 20 years and £43.7m (£13.7m) have no expiry.

A deferred tax asset of £0.2m in respect of tax losses has been recognised in 2016 as it was considered probable that future tax profits should arise.

A deferred tax liability of £160.0m has been recognised in relation to the intangible assets of £639.0m that arise on the acquisition of ICAP (Note 30). The tax rate applied reflects the regional allocation of these assets.

No deferred tax has been recognised on temporary differences associated with unremitted earnings of subsidiaries as the Group is able to control the timing of distributions and overseas dividends are largely exempt from UK tax. As at the balance sheet date, the Group had unrecognised deferred tax liabilities of £2.3m (2015: £0.8m) in respect of unremitted profits of subsidiaries of £22.5m (2015: £6.2m).

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21. Trade and other receivables

	2016 £m	2015 £m
Non-current receivables		
Other debtors	18.4	–
Current receivables		
Trade receivables	249.0	94.2
Settlement balances	22,169.8	2,434.1
Deposits paid for securities borrowed	575.0	–
Financial assets at FVTPL	92.5	73.2
Financial assets	23,086.3	2,601.5
Other debtors	15.0	7.3
Prepayments	48.3	24.1
Accrued income	6.7	4.7
Corporation tax	0.5	0.9
Owed by associates and joint ventures	3.7	0.7
	23,160.5	2,639.2

The Directors consider that the carrying amount of trade and other receivables which are not held at fair value through profit or loss approximate to their fair values.

As at 31 December 2016 trade receivables that were past due but not impaired were as follows:

	2016 £m	2015 £m
Less than 30 days	140.6	66.5
Between 30 and 90 days	67.6	20.5
Over 90 days	40.8	7.2
Trade receivables	249.0	94.2

Trade receivables are shown net of a provision of £3.4m (2015: £1.5m) against certain trade receivables due after 90 days.

As at 31 December 2016 settlement balances that were due and those that were past due but not impaired were as follows:

	2016 £m	2015 £m
Amounts not yet due	21,579.6	2,300.9
Amounts past due	590.2	133.2
Settlement balances	22,169.8	2,434.1

Settlement balances arise on Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. The above analysis reflects only the receivable side of such transactions. Corresponding payable amounts are shown in Note 22 ‘Trade and other payables’.

Deposits paid for securities borrowed arise on collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The above analysis reflects the receivable side of such transactions. Corresponding deposits received for securities loaned are shown in Note 22 ‘Trade and other payables’.

Financial assets at FVTPL arise on simultaneous back-to-back derivative transactions with counterparties. The above analysis reflects only the asset side of such transactions. Corresponding liability amounts are shown in Note 22 ‘Trade and other payables’.

22. Trade and other payables

	2016 £m	2015 £m
Trade payables	**16.2**	4.4
Settlement balances	**22,148.9**	2,433.8
Deposits received for securities loaned	**585.7**	–
Financial liabilities at FVTPL	**93.4**	73.2
Financial liabilities	**22,844.2**	2,511.4
Tax and social security	**29.1**	17.0
Other creditors	**20.8**	2.0
Accruals	**319.2**	132.8
Deferred income	**10.9**	0.9
Deferred consideration (Note 30)	**11.9**	2.6
Owed to associates and joint ventures	**2.0**	–
	23,238.1	2,666.7

The Directors consider that the carrying amount of trade and other payables which are not held at fair value through profit or loss approximate to their fair values.

23. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2016			
Bank loan due December 2017	**467.3**	**–**	**467.3**
Sterling Notes June 2019	**–**	**79.5**	**79.5**
	467.3	**79.5**	**546.8**
2015			
Sterling Notes July 2016	140.9	–	140.9
Sterling Notes June 2019	–	79.3	79.3
	140.9	79.3	220.2

All amounts are denominated in Sterling and are stated after unamortised transaction costs. An analysis of borrowings by maturity has been disclosed in Note 26(f).

Sterling Notes: Due July 2016

The £141.1m 7.04% Guaranteed Notes were repaid in July 2016.

Sterling Notes: Due June 2019

In December 2012 £80m Sterling Notes, due June 2019, were issued. The Notes have a coupon of 5.25% paid semi-annually. At 31 December 2016 their fair value (Level 1) was £83.6m (2015: £81.7m).

Bank loan: Due December 2017

The Group entered a £470m committed bridge financing facility that could be extended to December 2017. Drawdown was conditional on the completion of the ICAP acquisition. £470m was drawn in December 2016 with proceeds used to repay £140m outstanding on the Group's bank credit facility and £330m to repay a loan acquired with the ICAP acquisition. Facility fees of £3.3m were incurred in 2016, based on fees of 0.4%, increasing over time to 0.83%, on the undrawn balance. Interest is payable on amounts drawn based on libor plus a variable margin. Arrangement fees are amortised over the facility life. The carrying amount of the bank loan approximates to its fair value.

Bank credit facility

The Group has a £250m committed revolving credit facility, the maturity of which has been extended by a year to April 2019. During the year, £140m was drawn to repay the Group's Sterling Notes that matured in July 2016. The amount drawn was repaid from the proceeds of the bank loan. The facility was undrawn at the end of the year. Facility fees of 1% are payable on the undrawn balance. Arrangement fees are amortised over the maturity of the facility.

Sterling Notes: Due January 2024

In January 2017 (see Note 38), the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Proceeds were used to repay the £470m bank loan.

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24. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2016				
At 1 January 2016	**5.6**	**21.4**	**2.1**	**29.1**
Charge to income statement	**1.1**	**3.1**	**2.2**	**6.4**
Acquired with acquisitions – ICAP	**1.0**	**–**	**12.8**	**13.8**
Utilisation of provision	**(0.3)**	**(22.3)**	**(0.5)**	**(23.1)**
Effect of movements in exchange rates	**1.0**	**1.0**	**0.5**	**2.5**
At 31 December 2016	**8.4**	**3.2**	**17.1**	**28.7**
2015				
At 1 January 2015	5.9	8.9	1.5	16.3
(Credit)/charge to income statement	(0.2)	21.4	0.6	21.8
Utilisation of provision	(0.3)	(9.4)	(0.1)	(9.8)
Effect of movements in exchange rates	0.2	0.5	0.1	0.8
At 31 December 2015	5.6	21.4	2.1	29.1

	2016 £m	2015 £m
Included in current liabilities	**19.3**	21.3
Included in non-current liabilities	**9.4**	7.8
	28.7	29.1

Property provisions outstanding as at 31 December 2016 relate to provisions in respect of onerous leases and building dilapidations. The onerous lease provision represents the net present value of the future rental cost net of expected sub-lease income. These leases expire in one to ten years (2015: one to eleven years). The building dilapidations provision represents the estimated cost of making good dilapidations and disrepair on various leasehold buildings. The leases expire in one to six years.

Restructuring provisions outstanding as at 31 December 2015 relate to termination and other employee related costs, the majority of which were discharged during 2016.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain employee related costs and non-property related onerous contracts. At present the timing of any payments is uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next three years.

In February 2015 the European Commission imposed a fine of £12.8m (€14.9m) on ICAP Europe Limited ('IEL') for alleged competition violations in relation to the involvement of certain of IEL's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. While this matter relates to alleged conduct violations prior to completion of the Company's acquisition of ICAP the Company notes that ICAP has appealed the fine imposed by the European Commission and is seeking a full annulment of the Commission's decision. This is recognised as a provision of £12.8m as at 31 December 2016. In the event that the Commission imposes a fine in excess of €15.0m such excess will be borne by NEX Group plc ('NEX').

25. Other long term payables

	2016 £m	2015 £m
Accruals and deferred income	**11.2**	8.4
Deferred consideration (Note 30)	**8.6**	13.8
	19.8	22.2

Accruals and deferred income includes deferred leasehold rental accruals that build up during rent free periods which are subsequently utilised over the rental payment period of the lease.

26. Financial instruments

(a) Financial and liquidity risk

The Group does not take trading risk and does not hold proprietary trading positions. Consequently, the Group is exposed to trading book market risk only in relation to incidental positions in financial instruments arising as a result of the Group's failure to match clients' orders precisely. The Group has limited exposure to non-trading book market risk, specifically to interest rate risk and currency risk. Thus the overall approach to the planning and management of the Group's capital and liquidity is to ensure the Group's solvency, i.e. its continued ability to conduct business, deliver returns to shareholders, and support growth and strategic initiatives. This risk profile meets the necessary conditions for an investment firm consolidation waiver and the Group benefits from a waiver under the CRD IV provisions, the details of which are set out in the Regulatory Capital section of the Strategic Report on page 31.

The Group seeks to ensure that it has access to an appropriate level of cash, other forms of marketable securities and liquidity facilities to enable it to finance its ongoing operations on cost effective terms. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the Group's Finance and Treasury functions.

As a normal part of its operations, the Group faces liquidity risk through the risk of being required to fund transactions that fail to settle on the due date. From a risk perspective, the most problematic scenario concerns 'fail to deliver' transactions, where the business has received a security from the selling counterparty (and has paid cash in settlement of the same) but is unable to effect onward delivery of the security to the buying counterparty. Such settlement 'fails' give rise to a funding requirement, reflecting the value of the security which the Group has 'failed to deliver' until such time as the delivery leg is finally settled and the business has received the associated cash.

The Group has addressed this funding risk by arranging overdraft facilities to cover 'failed to deliver' trades, either with the relevant settlement agent/depository or with a clearing bank. Under such arrangements, the facility provider will fund the value of any 'failed to deliver' trades until delivery of the security is effected. Certain facility providers require collateral (such as a cash deposit or parent company guarantee) to protect them from any adverse mark-to-market movement and some also charge a funding fee for providing the facility.

The Group is also exposed to potential margin calls from clearing houses and correspondent clearers, in both the UK and the United States.

In the event of a liquidity issue arising, the firm has recourse to existing global cash resources, after which it could draw down on its £250m committed revolving credit facility as additional contingency funding.

(b) Capital management

The Group's policy is to maintain a capital base and funding structure that maintains creditor, regulator and market confidence and provides flexibility for business development whilst also optimising returns to shareholders. The capital structure of the Group consists of debt, as set out in Note 23, cash and cash equivalents, other current financial assets and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 27 and 28.

The Group has an investment firm consolidation waiver under which it is required to monitor its compliance with a Financial Holding Company test which takes into account the Company's shareholders' funds and the aggregated credit risk, market risk and fixed overhead requirements of the Company's subsidiaries. A number of the Company's subsidiaries are individually regulated and are required to maintain capital that is appropriate to the risks entailed in their businesses according to definitions that vary according to each jurisdiction.

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26. Financial instruments continued

(c) Categorisation of financial assets and liabilities

Financial assets

	Available-for-sale assets £m	Loans and receivables £m	Financial assets at FVTPL £m	Total £m
2016				
Available-for-sale investments	**20.5**	**3.0**	**–**	**23.5**
Financial assets	**17.5**	**72.0**	**–**	**89.5**
Trade receivables	**–**	**249.0**	**–**	**249.0**
Settlement balances	**–**	**22,169.8**	**–**	**22,169.8**
Deposits paid for securities borrowed	**–**	**575.0**	**–**	**575.0**
Financial assets at FVTPL	**–**	**–**	**92.5**	**92.5**
Cash and cash equivalents	**–**	**696.1**	**–**	**696.1**
	38.0	**23,764.9**	**92.5**	**23,895.4**
2015				
Available-for-sale investments	5.7	2.8	–	8.5
Financial assets	13.7	6.6	–	20.3
Trade receivables	–	94.2	–	94.2
Settlement balances	–	2,434.1	–	2,434.1
Deposits paid for securities borrowed	–	–	–	–
Financial assets at FVTPL	–	–	73.2	73.2
Cash and cash equivalents	–	358.9	–	358.9
	19.4	2,896.6	73.2	2,989.2

Financial liabilities

Financial liabilities are all held at amortised cost.

	Amortised cost £m	Financial liabilities at FVTPL £m	Total £m
2016			
Bank loan due December 2017	**467.3**	**–**	**467.3**
Sterling Notes June 2019	**79.5**	**–**	**79.5**
Trade payables	**16.2**	**–**	**16.2**
Settlement balances	**22,148.9**	**–**	**22,148.9**
Deposits received for securities loaned	**585.7**	**–**	**585.7**
Financial liabilities at FVTPL	**–**	**93.4**	**93.4**
	23,297.6	**93.4**	**23,391.0**
2015			
Sterling Notes July 2016	140.9	–	140.9
Sterling Notes June 2019	79.3	–	79.3
Trade payables	4.4	–	4.4
Settlement balances	2,433.8	–	2,433.8
Deposits received for securities loaned	–	–	–
Financial liabilities at FVTPL	–	73.2	73.2
	2,658.4	73.2	2,731.6

26. Financial instruments continued

(d) Offsetting financial assets and financial liabilities

Financial instruments at fair value through profit or loss include simultaneous back-to-back derivative transactions with counterparties which are reported as separate financial assets and financial liabilities in the statement of financial position. These transactions are subject to ISDA (International Swaps and Derivatives Association) Master Netting Agreements which provide a legally enforceable right of offset on the occurrence of a specified event of default, or other events not expected to happen in the normal course of business, but are not otherwise enforceable.

Financial instruments subject to enforceable Master Netting Agreements and similar arrangements	Financial assets £m	Financial liabilities £m
2016		
Financial instruments at FVTPL	**92.5**	**(92.5)**
Related amounts not offset in the statement of financial position	**(92.5)**	**92.5**
Net position	**–**	**–**
2015		
Financial instruments at FVTPL	73.2	(73.2)
Related amounts not offset in the statement of financial position	(73.2)	73.2
Net position	–	–

As at 31 December 2016, financial liabilities at FVTPL of £0.9m (2015:£nil) were not subject to offsetting arrangements. Their notional value was £48.6m (2015: £nil).

(e) Credit risk

The Group is exposed to credit risk in the event of non-performance by counterparties in respect of its Name Passing, Matched Principal, Executing Broker and corporate treasury operations. The Group does not bear any significant concentration risk to either counterparts or markets.

The credit risk in respect of the Name Passing business and the information sales and risk management services is limited to the collection of outstanding commission and transaction fees and this is managed proactively by the Group's accounts receivable functions. As at the year end, a majority of the Group's counterparty exposure is to investment grade counterparts (rated BBB-/Baa3 or above).

The Matched Principal business involves the Group acting as a counterparty on trades which are undertaken on a delivery versus payment basis. The Group manages its credit risk in these transactions through appropriate policies and procedures in order to mitigate this risk including stringent on-boarding requirements, setting appropriate credit limits for all counterparts which are closely monitored by the regional credit risk teams to restrict any potential loss through counterparty default. Settlement of these transactions takes place according to the relevant market rules and conventions and the credit risk is considered to be minimal. Deposits paid for securities borrowed arise on collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. As at the year end, a substantial majority of the Group's counterparty exposure is to investment grade counterparts.

The credit risk on cash, cash equivalents, financial assets and financial assets at FVTPL are subject to frequent monitoring. All financial institutions that are transacted with are approved and internal limits are assigned to each one based on a combination of factors including external credit ratings. As at the year end, a significant proportion of cash and cash equivalents is deposited with investment grade rated financial institutions.

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26. Financial instruments continued
(f) Maturity profile of financial liabilities
The table below reflects the contractual maturities, including future interest obligations, of the Group's financial liabilities as at 31 December:

	Due within 3 months £m	Due between 3 months and 12 months £m	Due between 1 year and 5 years £m	Due after 5 years £m	Total £m
2016					
Settlement balances	**22,148.9**	**–**	**–**	**–**	**22,148.9**
Deposits received for securities loaned	**45.2**	**540.5**	**–**	**–**	**585.7**
Financial liabilities at FVTPL	**56.0**	**37.4**	**–**	**–**	**93.4**
Trade payables	**14.6**	**1.6**	**–**	**–**	**16.2**
Bank loan due December 2017	**472.1**	**–**	**–**	**–**	**472.1**
Sterling Notes June 2019	**–**	**4.2**	**86.3**	**–**	**90.5**
	22,736.8	**583.7**	**86.3**	**–**	**23,406.8**
2015					
Settlement balances	2,433.8	–	–	–	2,433.8
Deposits received for securities loaned	–	–	–	–	–
Financial liabilities at FVTPL	23.3	49.9	–	–	73.2
Trade payables	4.4	–	–	–	4.4
Sterling Notes July 2016	–	151.1	–	–	151.1
Sterling Notes June 2019	–	4.2	90.5	–	94.7
	2,461.5	205.2	90.5	–	2,757.2

(g) Foreign currency sensitivity analysis
The table below illustrates the sensitivity of the profit for the year with regard to currency movements on financial assets and liabilities denominated in foreign currencies as at the year end. The sensitivity of the Group's equity with regard to its net foreign currency investments at the year end, excluding ICAP, is also shown below.

Based on a 10% weakening in the US dollar and Euro exchange rates against Sterling, the effects would be as follows:

	2016		2015	
	USD £m	EUR £m	USD £m	EUR £m
Change in foreign currency financial assets and liabilities – profit or loss	**(2.6)**	**(1.4)**	(1.1)	(1.1)
Change in translation of foreign operations – equity	**(31.0)**	**(0.8)**	(23.9)	(0.6)

The Group would experience an equal and opposite foreign exchange movements should the US dollar and Euro exchange rates strengthen against Sterling.

(h) Interest rate sensitivity analysis
Interest on floating rate financial instruments is reset at intervals of less than one year. The Group's exposure to interest rates arises on cash and cash equivalents and money market instruments. The Sterling Notes are fixed rate financial instruments.

A 100 basis point change in interest rates, applied to average floating rate financial instrument assets and liabilities during the year, would result in the following impact on profit or loss:

	2016		2015	
	+100pts £m	-100pts £m	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	**3.7**	**(3.7)**	3.5	(1.7)
– floating rate liabilities	**(0.7)**	**0.2**	–	–
Net income/(expense) for the year	**3.0**	**(3.5)**	3.5	(1.7)

26. Financial instruments continued

(i) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
> Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2016				
Available-for-sale investments				
– unlisted	**–**	**8.0**	**9.2**	**17.2**
– listed	**3.3**	**–**	**–**	**3.3**
Loans and receivables	**–**	**–**	**3.0**	**3.0**
Financial assets				
– short term government securities	**17.5**	**–**	**–**	**17.5**
– financial assets at FVTPL	**–**	**92.5**	**–**	**92.5**
Financial liabilities				
– financial liabilities at FVTPL	**–**	**(93.4)**	**–**	**(93.4)**
	20.8	**7.1**	**12.2**	**40.1**
2015				
Available-for-sale investments				
– unlisted	–	–	5.0	5.0
– listed	0.7	–	–	0.7
Loans and receivables	–	–	2.8	2.8
Financial assets				
– short term government securities	13.7	–	–	13.7
– financial assets at FVTPL	–	73.2	–	73.2
Financial liabilities				
– financial liabilities at FVTPL	–	(73.2)	–	(73.2)
	14.4	–	7.8	22.2

In deriving the fair value of financial instruments at FVTPL valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable.

There were no transfers between Level 1 and 2 during the year.

Reconciliation of Level 3 fair value measurements of financial assets:

	2016 £m	2015 £m
Balance as at 1 January	**7.8**	4.2
Unrealised gain in other comprehensive income	**–**	0.4
Additions	**–**	3.2
Acquired with acquisitions – ICAP	**8.2**	–
Disposals	**(0.2)**	–
Transfers to level 2	**(4.0)**	–
Impairments	**(0.2)**	–
Effect of movements in exchange rates	**0.6**	–
Balance as at 31 December	**12.2**	7.8

There were no financial liabilities subsequently remeasured at fair value on a Level 3 fair value measurement basis. Transfers to level 2 reflect the availability of additional observable price information.

The revaluation gain of £0.4m in 2015 was included within the ‘Revaluation reserve’.

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27. Share capital

	2016 No.	2015 No.
Allotted, issued and fully paid		
Ordinary shares of 25p		
As at 1 January	**243,516,227**	243,516,227
Issue of ordinary shares	**310,616,444**	–
As at 31 December	**554,132,671**	243,516,227

28. Reconciliation of shareholders' funds
(a) Share capital, Share premium account, Merger reserve

	Share capital £m	Share premium account £m	Merger reserve £m	Total £m
2016				
As at 1 January 2016	**60.9**	**17.1**	**178.5**	**256.5**
Issue of ordinary shares	**77.6**	**–**	**1,205.6**	**1,283.2**
Share issue costs	**–**	**–**	**(6.6)**	**(6.6)**
As at 31 December 2016	**138.5**	**17.1**	**1,377.5**	**1,533.1**
2015				
As at 1 January and 31 December 2015	60.9	17.1	178.5	256.5

Share capital/Merger reserve

On 30 December 2016 the Group issued 310,314,296 ordinary shares with a fair value of £1,283.2m to acquire the issued share capital of ICAP Global Broking Holdings ('ICAP'). The £1,205.6m difference between the nominal value of the shares issued and their fair value has been credited to the merger reserve. The costs associated with this share issue have been charged against the reserve. As at 1 January 2016 the merger reserve related to prior share-based acquisitions and represented the difference between the value of those acquisitions and the amount required to be recorded in share capital. On 27 September, 302,148 ordinary shares were issued to the Tullett Prebon plc Employee Benefit Trust 2007.

(b) Other reserves

	Reverse acquisition reserve £m	Revaluation reserve £m	Hedging and translation £m	Own shares £m	Other reserves £m
2016					
As at 1 January 2016	**(1,182.3)**	**1.4**	**15.9**	**(0.1)**	**(1,165.1)**
Revaluation of investments	**–**	**0.8**	**–**	**–**	**0.8**
Exchange differences on translation of foreign operations	**–**	**–**	**59.5**	**–**	**59.5**
Taxation on components of other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**0.8**	**59.5**	**–**	**60.3**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(6.2)**	**(6.2)**
As at 31 December 2016	**(1,182.3)**	**2.2**	**75.4**	**(6.3)**	**(1,111.0)**
2015					
As at 1 January 2015	(1,182.3)	1.4	7.6	(0.1)	(1,173.4)
Revaluation of investments	–	0.1	–	–	0.1
Exchange differences on translation of foreign operations	–	–	8.7	–	8.7
Taxation on components of other comprehensive income	–	(0.1)	(0.4)	–	(0.5)
Total comprehensive income	–	–	8.3	–	8.3
As at 31 December 2015	(1,182.3)	1.4	15.9	(0.1)	(1,165.1)

28. Reconciliation of shareholders' funds continued

(b) Other reserves continued

Reverse acquisition reserve

The acquisition of Collins Stewart Tullett plc by Tullett Prebon plc in 2006 was accounted for as a reverse acquisition. Under IFRS the consolidated accounts of Tullett Prebon plc are prepared as if they were a continuation of the consolidated accounts of Collins Stewart Tullett plc. The reverse acquisition reserve represents the difference between the initial equity share capital of Tullett Prebon plc and the share capital and share premium of Collins Stewart Tullett plc at the time of the acquisition. This resulted in the consolidated net assets before and after the acquisition remaining unchanged.

Revaluation reserve

The revaluation reserve represents the remeasurement of assets in accordance with IFRS that have been recorded in other comprehensive income.

Hedging and translation

The hedging and translation reserve records revaluation gains and losses arising on net investment hedges and the effect of changes in exchange rates on translation of foreign operations recorded in other comprehensive income. As at 31 December 2016, £10.0m relates to amounts arising on previous net investment hedges (2015: £10.0m).

Own shares

As at 31 December 2016, the Tullett Prebon plc Employee Benefit Trust 2007 held 1,927,575 ordinary shares (2015: 202,029 ordinary shares) with a fair value of £8.4m (2015: £0.8m). During the year 302,148 ordinary shares were issued to the Trust that were used to satisfy share option exercises. The Trust also purchased 1,725,546 ordinary shares in the open market at a cost of £6.2m.

(c) Total equity

	Equity attributable to equity holders of the parent					
	Total from Note 28(a) £m	Total from Note 28(b) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
2016						
As at 1 January 2016	**256.5**	**(1,165.1)**	**1,448.6**	**540.0**	**1.7**	**541.7**
Profit for the year	–	–	**43.2**	**43.2**	**0.5**	**43.7**
Revaluation of available-for-sale investments	–	**0.8**	–	**0.8**	–	**0.8**
Exchange differences on translation of foreign operations	–	**59.5**	–	**59.5**	**0.2**	**59.7**
Remeasurement of defined benefit pension schemes	–	–	**5.8**	**5.8**	–	**5.8**
Taxation on components of other comprehensive income	–		**(2.0)**	**(2.0)**	–	**(2.0)**
Total comprehensive income	–	**60.3**	**47.0**	**107.3**	**0.7**	**108.0**
Dividends paid	–	–	**(40.7)**	**(40.7)**	**(0.5)**	**(41.2)**
Own shares acquired for employee trusts	–	**(6.2)**	–	**(6.2)**	–	**(6.2)**
Issue of ordinary shares	**1,283.2**	–	–	**1,283.2**	–	**1,283.2**
Share issue costs	**(6.6)**	–	–	**(6.6)**	–	**(6.6)**
Non-controlling interests arising on acquisitions	–	–	–	–	**19.5**	**19.5**
Credit arising on share-based payment awards (Note 29)	–	–	**20.7**	**20.7**	–	**20.7**
As at 31 December 2016	**1,533.1**	**(1,111.0)**	**1,475.6**	**1,897.7**	**21.4**	**1,919.1**
2015						
As at 1 January 2015	256.5	(1,173.4)	1,378.8	461.9	1.6	463.5
Profit for the year	–	–	82.9	82.9	0.4	83.3
Revaluation of available-for-sale investments	–	0.1	–	0.1	–	0.1
Exchange differences on translation of foreign operations	–	8.7	–	8.7	0.1	8.8
Remeasurement of defined benefit pension schemes	–	–	24.5	24.5	–	24.5
Taxation on components of other comprehensive income	–	(0.5)	(8.6)	(9.1)	–	(9.1)
Total comprehensive income	–	8.3	98.8	107.1	0.5	107.6
Dividends paid	–	–	(41.0)	(41.0)	(0.4)	(41.4)
Credit arising on share-based payment awards (Note 29)	–	–	12.0	12.0	–	12.0
As at 31 December 2015	256.5	(1,165.1)	1,448.6	540.0	1.7	541.7

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29. Share-based payments
Share option awards
During the year the outstanding awards under the Group's equity-based long term incentive plan, the Tullett Prebon Long Term Incentive Plan, were exercised.

	2016 No.	2015 No.
Outstanding at the beginning of the year	**302,148**	302,148
Exercised during the year	**(302,148)**	–
Outstanding at end of year	**–**	302,148
Exercisable at end of year	**–**	302,148

Share-based Deferred Bonus Plan
Annual awards are made under the Group's Deferred Bonus Plan that commenced in 2015.

Under this plan, employees identified as Senior Managers have 20% of their annual discretionary bonus deferred into equity. These awards are subject to the completion of service conditions and the fulfilment of other conduct requirements. The number of deferred shares in respect of a bonus year are determined after the close period for that year at the then market price, and vest over three years from the grant. The fair value of the deferred shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

As part of the introduction of the Deferred Bonus Plan in 2015, a Special Award was granted to these employees. The Special Award will vest in the period to May 2018.

Deferred Bonus Plan awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

	2016 No.	2015 No.
Outstanding at the beginning of the year	**–**	–
Granted during the year	**1,783,888**	–
Expired during the year	**(3,603)**	–
Outstanding at the end of the year	**1,780,285**	–
Exercisable at the end of the year	**–**	–

At the year end closing share price of 433.3p the estimated total number of deferred shares for the 2016 bonus year would be 838,498.

Acquisition related share-based payments
As part of the acquisition of PVM, certain former shareholders are eligible to receive additional payments after three years' service provided they remain as employees and PVM achieves revenue performance targets over that period. The Group has the sole right to issue equity or cash to satisfy these additional payments, which, although deferred consideration in substance, are conditional on future employment, and the fair value of the payments as at the date of acquisition, which was estimated to be US$48.0m (£34.9m), is being recognised as a share-based expense, through the income statement and equity, over the three year service term. The share-based expense recognised in future periods will be adjusted to reflect actual service and revenue performance.

	2016 £m	2015 £m
Charge arising from the share-based Deferred Bonus Plan	**4.4**	1.5
Charge arising from acquisition related share-based payments	**16.3**	10.5
	20.7	12.0

30. Acquisitions

(a) Subsidiaries acquired during the year

ICAP

On 30 December 2016, the Group issued 310.3m ordinary shares to acquire 100% of the share capital of ICAP Global Broking Holdings Limited ('ICAP'). The fair value of the shares issued was £1,283.2m, representing their market value at the date of issue. No further consideration is payable in respect of the acquisition.

Due to the proximity of the acquisition to the year end and its size and complexity, the identification and measurement of the fair value of the assets acquired are incomplete and provisional. Similarly, the allocation of the excess purchase price between identifiable intangible assets and goodwill that arise on the consolidation of ICAP are also provisional. As permitted by IFRS 3 'Business Combinations', the finalisation of the identification and measurement of the fair value of the assets and liabilities acquired, and the allocation of the excess purchase price, will be completed during the 12 month 'measurement period' ending on 30 December 2017. No measurement period adjustments have been recognised in 2016.

This transaction has been accounted for under the acquisition method of accounting.

	Provisional Fair value £m
Net assets acquired (provisional)	
Intangible assets relating to purchased and developed software	41.2
Property, plant and equipment	10.6
Investment in associates	44.7
Investment in joint ventures	8.0
Available-for-sale investments	13.4
Deferred tax assets	22.6
Trade and other receivables	13,670.3
Financial assets	67.2
Cash and cash equivalents	316.3
Total assets	14,194.3
Trade and other payables	(13,685.8)
Loans and borrowings	(330.0)
Current tax liabilities	(24.5)
Deferred tax liabilities	(0.2)
Provisions	(13.8)
Retirement benefit obligations	(3.3)
Total liabilities	(14,057.6)
Non-controlling interests	(19.5)
	117.2
Intangible assets arising on consolidation (provisional)	
– Other intangible assets	639.0
– Deferred tax liabilities arising on other intangible assets	(160.0)
– Goodwill	687.0
Fair value of total consideration	1,283.2
Satisfied by:	
– Issue of ordinary shares	1,283.2

Intangible assets arising on consolidation, have been provisionally allocated to: the ICAP brand, £27m; the value of customer relationships, £601m; and other intangibles having finite lives, £11m. An associated deferred tax liability of £160m has been recognised on acquisition, based on the regional allocation of these assets and applicable tax rates, none of which has been offset against the Group's deferred tax assets. The balance of £687m has been provisionally recognised as goodwill, representing the value of the established workforce and the business's reputation.

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30. Acquisitions continued
The fair value of the brand has been estimated using a relief-from-royalty approach, based on empirical, market derived rates for such assets, and is sensitive to changes in the royalty rate applied. The fair value of customer relationships has been estimated using the 'multi-period excess earnings methodology' which uses the net present value of forecast, post-tax profits generated by that asset. The fair value of customer relationships is sensitive to changes in: forecast post-tax profits; the discount rate applied; the assumed useful life of the assets; the expected rate of customer attrition; and the level of contributory asset charges for the use of other assets, including a charge for the workforce.

Changes to the provisional fair values of the identified intangible assets would result in a change to the associated deferred tax liability, with an equal and opposite change in the provisional amount of goodwill.

Trade and other receivables, financial assets, and cash and cash equivalents are disclosed at their provisional fair values but are not substantially different from their previous carrying values, reflecting the nature of those assets and the business acquired. Contractual amounts receivable are estimated to be £1.7m higher which are not currently expected to be received.

Indemnification assets of £15.5m, receivable from NEX, have been recognised on acquisition and are included with trade and other receivables. The fair value of these assets reflect the fair value of the provisions against which the indemnification has been received. No contingent liabilities are currently recognised at fair value as such liabilities cannot be reliably measured due to the proximity of the acquisition to the date these financial statements were approved. Should such contingent liabilities be recognised during the measurement period they would be matched by a further indemnification asset of an equal value. Recognition of these assets and liabilities would not change the provisional value of goodwill currently recognised.

Provisional goodwill is not expected to be deductible for tax purposes and no associated deferred tax asset has been recorded.

ICAP is not reflected in the Group's results for 2016. Had ICAP been acquired on 1 January 2016 revenue would have been £795.1m higher, underlying operating profit £108.0m higher and underlying earnings £84.9m higher. If the 310.3m ordinary shares issued to acquire ICAP had been issued on 1 January 2016 the basic weighted average shares (Note 11) would have been 552.6m, resulting in an underlying basic EPS 8.5p lower at 34.0p.

Acquisition costs, included in administrative expenses, amounted to £16.8m in 2016 and £12.1m in 2015. £6.6m of costs attributable to the issue of the ordinary shares have been expensed directly to equity.

Creditex
In July 2016, the Group announced the acquisition of Creditex's US hybrid voice brokerage business. Under the agreement, deferred contingent consideration is payable through to the third anniversary of completion. The amount of deferred contingent consideration is dependent upon the performance of the business over the three year period and has a fair value estimated to be US$3.8m (£2.9m). The fair value of the net assets acquired is negligible which resulted in the recognition of US$3.8m (£2.9m) of goodwill arising on consolidation.

Other acquisitions
During 2016 the Group acquired other interests on which no initial payments were made. Deferred consideration is payable with an estimated fair value of £0.3m. The fair value of the net assets acquired was £0.3m resulting in no goodwill being recognised.

(b) Analysis of deferred and contingent consideration in respect of acquisitions
Certain acquisitions made by the Group are satisfied in part by deferred or contingent deferred consideration. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made profit or loss.

	2016 £m	2015 £m
At 1 January	**16.4**	6.4
Acquisitions during the year	**3.2**	8.4
Remeasurement charge taken to operating profit	**2.2**	0.4
Unwind of discount	**0.3**	0.3
Cash paid	**(3.2)**	–
Effect of movements in exchange rates	**1.6**	0.9
At 31 December	**20.5**	16.4
Amounts falling due within one year	**11.9**	2.6
Amounts falling due after one year	**8.6**	13.8
At 31 December	**20.5**	16.4

31. Reconciliation of operating result to net cash from operating activities

	2016 £m	2015 £m
Operating profit	**73.3**	121.9
Adjustments for:		
– Share-based compensation expense	**4.4**	1.5
– Pension scheme's administration costs	**0.9**	0.7
– Depreciation of property, plant and equipment	**8.0**	7.7
– Amortisation of intangible assets	**8.4**	7.3
– Pension scheme settlement gains	**(3.6)**	–
– Acquisition related share-based payment charge	**16.3**	10.5
– Amortisation of intangible assets arising on consolidation	**1.4**	1.2
– Loss on disposal of property, plant and equipment	**–**	0.2
– Loss on derecognition of intangible assets	**–**	0.1
– Loss on disposal of associates and subsidiary undertakings	**0.1**	0.2
– Remeasurement of deferred consideration	**2.2**	0.4
– Impairment of available-for-sale investments	**0.2**	–
– Non-cash movement in FVTPL balances	**0.9**	–
(Decrease)/increase in provisions for liabilities and charges	**(17.7)**	11.5
Decrease in non-current liabilities	**(1.1)**	(0.8)
Operating cash flows before movement in working capital	**93.7**	162.4
(Increase)/decrease in trade and other receivables	**(17.9)**	0.1
(Increase)/decrease in net settlement and trading balances	**(2.5)**	1.3
Increase in trade and other payables	**23.1**	16.5
Cash generated from operations	**96.4**	180.3
Income taxes paid	**(16.7)**	(19.5)
Interest paid	**(21.1)**	(16.8)
Net cash from operating activities	**58.6**	144.0

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32. Analysis of net funds

	At 1 January £m	Cash flow £m	Non-cash items £m	Acquired with acquisitions £m	Exchange rate movements £m	At 31 December £m
2016						
Cash	**296.7**	**336.8**	**–**	**–**	**23.5**	**657.0**
Cash equivalents	**62.2**	**(26.2)**	**–**	**–**	**5.5**	**41.5**
Overdrafts	**–**	**(2.4)**	**–**	**–**	**–**	**(2.4)**
Cash and cash equivalents	**358.9**	**308.2**	**–**	**–**	**29.0**	**696.1**
Financial assets	**20.3**	**(2.3)**	**–**	**67.2**	**4.3**	**89.5**
Total funds	**379.2**	**305.9**	**–**	**67.2**	**33.3**	**785.6**
Notes due within one year	**(140.9)**	**141.1**	**(0.2)**	**–**	**–**	**–**
Bank loan due within one year	**–**	**(466.2)**	**(1.1)**	**–**	**–**	**(467.3)**
Notes due after one year	**(79.3)**	**–**	**(0.2)**	**–**	**–**	**(79.5)**
	(220.2)	**(325.1)**	**(1.5)**	**–**	**–**	**(546.8)**
Total net funds	**159.0**	**(19.2)**	**(1.5)**	**67.2**	**33.3**	**238.8**
2015						
Cash	223.3	67.7	–	–	5.7	296.7
Cash equivalents	63.8	(1.3)	–	–	(0.3)	62.2
Cash and cash equivalents	287.1	66.4	–	–	5.4	358.9
Financial assets	10.7	10.7	–	–	(1.1)	20.3
Total funds	297.8	77.1	–	–	4.3	379.2
Notes due within one year	–	–	(140.9)	–	–	(140.9)
Notes due after one year	(219.7)	–	140.4	–	–	(79.3)
	(219.7)	–	(0.5)	–	–	(220.2)
Total net funds	78.1	77.1	(0.5)	–	4.3	159.0

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less. As at 31 December 2016 cash and cash equivalents, net of overdrafts, amounted to £696.1m (2015: £358.9m). Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial assets comprise short term government securities, term deposits and restricted funds held with banks and clearing organisations.

33. Contingent liabilities

FCA investigation

Tullett Prebon Europe Limited ('TPEL') is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, which are alleged to have no commercial rationale or economic purpose, on which brokerage is paid, and trades on which brokerage may have been improperly charged. As part of its investigation, the FCA is considering the extent to which during the relevant period (i) TPEL's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of TPEL's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 by TPEL to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, it is not possible to predict its ultimate outcome and accordingly any potential liability and/or financial impact cannot currently be reliably estimated.

Bank Bill Swap Reference Rate case

On 16 August 2016, a new litigation was filed in the United States District Court for the Southern District of New York naming the Company, ICAP plc, ICAP Australia Pty LTD ('IAPL') and Tullett Prebon (Australia) Pty. Limited as defendants together with various Bank Bill Swap Reference Rate ('BBSW') setting banks. The complaint alleges collusion by the defendants to fix BBSW-based derivatives prices through manipulative trading during the fixing window and false BBSW rate submissions. Each of the defendants named above intend to defend the litigation vigorously. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

33. Contingent liabilities continued

Euroyen TIBOR case and Yen LIBOR case

ICAP plc was previously named as a defendant to an existing civil litigation originally filed in April 2012 against certain Yen LIBOR and Euroyen TIBOR panel banks in the US District Court for the Southern District of New York (the 'Laydon action'). The complaint alleges that the plaintiff, who traded positions in Euroyen TIBOR futures contracts, was injured as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by certain panel banks and interdealer brokers. ICAP plc was dismissed as a defendant from the Laydon action in March 2015. However, at that time the plaintiff was given permission to add ICAP Europe Limited ('IEL') along with certain other parties as defendants. Other plaintiffs have filed a related complaint related to the Laydon action which includes IEL and ICAP plc as defendants (the 'Sonterra action'). In 2015 the Company was also named as a defendant in both the Laydon action and the Sonterra action. In March 2017, the Court dismissed the plaintiff's claims against the Company and IEL. No subsidiary of the Group is therefore currently named as a defendant in relation to these class actions.

EURIBOR case

In 2013, a civil class action was filed in the United States District Court for the Southern District of New York against a number of banks asserting claims of EURIBOR manipulation. On 13 August 2015, the plaintiffs filed a fourth amended complaint adding new defendants including ICAP plc and IEL. Defendants briefed motions to dismiss for failure to state a claim and lack of jurisdiction, which were fully submitted as of 23 December 2015. The Court dismissed the plaintiff's claims against ICAP plc and IEL in February 2017. No subsidiary of the Group is therefore currently named as a defendant in relation to this class action.

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Varoles Mobiliários Ltda ('ICAP Brazil') is a defendant in 16 pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour claims'). The Group estimates the maximum potential aggregate exposure in relation to the Labour claims to be BRL 48.4m. ICAP Brazil may also be exposed to a potential social security tax liability in relation to the Labour claims. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the Labour claims.

Flow case – Tullett Prebon Brazil

In December 2012, Flow Participações Ltda. and Brasil Plural Corretora de Câmbio, Títulos e Valores ('Flow') initiated a lawsuit against Tullett Prebon Brasil S.A. Corretora de Valores e Câmbio and Tullett Prebon Holdings do Brasil Ltda alleging that the defendants have committed a series of unfair competition misconducts, such as the recruitment of Flow's former employees, the illegal obtainment and use of systems and software developed by the plaintiffs, as well as the transfer of technology and confidential information from Flow and the collusion to do so in order to increase profits from economic activities. The amount currently claimed is BRL 182m. Tullett intends to vigorously defend itself but there is no certainty as to the outcome of these claims. The case is currently in an early evidentiary phase and it is stayed pending discussion before the Superior Court of Justice regarding the production of evidence. Therefore, the case is not anticipated to be resolved in 2017.

ISDA Fix

The CFTC and other government agencies have requested information from the NEX Group in relation to the setting of the US dollar segment of a benchmark known as ISDA Fix. ICAP plc's successor firm, NEX, continues to co-operate with the agencies' inquiries into the setting of that rate. ICAP Capital Markets LLC ('ICM') was the collection agent for ISDA Fix panel bank submissions in US dollars, but was not a panel member itself. It is not possible to predict the ultimate outcome of the CFTC investigation or to provide an estimate of any potential financial impact. In September and October 2014, five class actions were filed alleging injury due to purported manipulation of the USD ISDA Fix rate. ICM is a defendant in those actions, which have now been consolidated into a single action, along with several ISDA Fix panel banks. Pursuant to the terms of the sale and purchase agreement between the Company and NEX it was agreed that ICM would transfer its activities and business to the Company but that ICM would not be transferred to the Company's ownership at completion. It was further agreed that in the event of any claims or losses arising in relation to ISDA Fix, these would be for the account of NEX. It is not possible to predict the ultimate outcome of the litigation or the CFTC's enquiries or to provide an estimate of any potential financial impact. The Company and its Group may nevertheless suffer financial loss either directly or as a consequence of damage to its reputation as a result of these matters.

Swaps civil litigation

In December 2016, ICAP SEF (US) LLC and ICAP Global Derivatives Limited were named in a class action alleging that they and certain dealer banks colluded to prevent buy side customers from accessing all-to-all anonymous electronic trading platforms and therefore prevented buy side customers from getting access to the best interest rate swap prices. The actions generally asserted claims of violation of antitrust laws and unjust enrichment. Each of ICAP SEF (US) LLC and ICAP Global Derivatives Limited intend to defend these litigation claims vigorously. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Company expects that it will benefit from the warranty provisions of the sale and purchase agreement with NEX such that any outflow in respect of the ICAP entities with regard to this litigation will be borne by NEX.

Notes to the Consolidated Financial Statements
continued
for the year ended 31 December 2016

33. Contingent liabilities continued

General note

From time to time the Company's subsidiaries are engaged in litigation in relation to a variety of matters, and it is required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews. The Company's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material.

In the normal course of business, certain of the Company's subsidiaries enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Company's results or net assets.

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex tax laws and practices of those territories. The Group establishes provisions for taxes other than current and deferred income taxes, based upon various factors which are continually evaluated, if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

34. Operating lease commitments

	2016 £m	2015 £m
Minimum operating lease payments recognised in the income statement	**18.1**	14.7

At 31 December 2016 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016		2015	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**25.7**	**1.0**	13.8	0.8
Within two to five years	**78.7**	**0.5**	41.3	0.3
Over five years	**106.7**	**–**	37.8	–
	211.1	**1.5**	92.9	1.1

35. Retirement benefits

(a) Defined benefit schemes

The Group has a defined benefit pension scheme in the UK and a small number of schemes operated in other countries. The overseas schemes are not significant in the context of the Group.

	2016 £m	2015 £m
Defined benefit scheme surplus – UK	**99.9**	88.2
Defined benefit schemes surplus – Overseas	**0.1**	–
	100.0	88.2
Defined benefit schemes deficit – Overseas	**(3.3)**	–

35. Retirement benefits continued

(b) UK defined benefit scheme

The Group's UK defined benefit pension scheme is the defined benefit section of the Tullett Prebon Pension Scheme (the 'Scheme').

The Scheme is a final salary, funded pension scheme that is closed to new members and future accrual. For members still in service there is a continuing link between benefits and pensionable pay. The Principal Employer is Tullett Prebon Group Limited.

The assets of the Scheme are held separately from those of the Group, either in separate trustee administered funds or in contract-based policies of insurance.

The latest funding actuarial valuation of the Scheme was carried out as at 30 April 2013 by independent qualified actuaries. A valuation as at 30 April 2016 is currently in progress but has not been finalised as at the date of approval of these Financial Statements.

The Trustees of the Scheme are currently making arrangements for the transfer of the Scheme's liabilities to a third party to take on responsibility for the provision of benefits, removing the Company's responsibility for supporting the Scheme financially. In 2016, as part of the preparation for a transfer, the Trustees offered all deferred members an option, for a limited time, to benefit from a transfer of their benefits to another provider. The offer resulted in approximately 63 members transferring a total of £29.1m in assets out of the Scheme. A net gain of £3.6m arose as a result of this settlement, representing the difference between the £29.1m transferred out and the corresponding liabilities, measured on an IAS 19 basis, at the date that the settlement became binding.

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2016 £m	2015 £m
Fair value of Scheme assets	**317.0**	289.8
Present value of Scheme liabilities	**(217.1)**	(201.6)
Defined benefit scheme surplus	**99.9**	88.2
Deferred tax liability (Note 20)	**(35.0)**	(30.9)

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2016 %	2015 %
Key assumptions		
Discount rate	**2.50**	3.70
Expected rate of salary increases	**4.75**	4.65
Rate of increase in LPI pensions in payment[1]	**2.40**	2.30
Inflation assumption	**2.40**	2.30

Note:
1 This applies to pensions accrued from 6 April 1997. The majority of current and future pensions receive fixed increases in payment of either 0% or 2.5%.

The mortality assumptions are based on standard mortality tables and allow for future mortality improvements and are the same as those adopted for the 2013 funding valuation. Assumptions for the Scheme are that a member who retires in 15 years' time at age 60 will live on average for a further 31.5 years (2015: 31.4 years) after retirement if they are male and for a further 32.9 years (2015: 32.8 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

Notes to the Consolidated Financial Statements
continued

for the year ended 31 December 2016

35. Retirement benefits continued

The valuation of the Scheme liabilities is sensitive to changes in the assumptions used. The effect of changes in the discount rate, inflation and mortality assumptions, assuming an independent change in one assumption with all others held constant, on the liabilities is shown below:

		Scheme assets £m	Scheme liabilities £m	Surplus/ (deficit) £m
As at 31 December 2016		**317.0**	**(217.1)**	**99.9**
Following a 0.25% decrease in the discount rate	Change	**0%**	**(6.0%)**	**(13.0%)**
	New value	**317.0**	**(230.1)**	**86.9**
Following a 0.25% increase in the inflation assumption	Change	**0%**	**(2.7%)**	**(5.9%)**
	New value	**317.0**	**(223.0)**	**94.0**
Life expectancy increases by 3 years	Change	**0%**	**(7.0%)**	**(15.2%)**
	New value	**317.0**	**(232.3)**	**84.7**

Note:
The above analysis does not reflect any inter-relationship between the assumptions.

Changes to the risks inherent in the Scheme would result in changes to the Scheme's carrying value. The most significant risks are: investment performance – the liabilities are calculated using a discount rate set by reference to bond yields. If assets underperform this yield, this would result in the carrying value of the Scheme reducing; changes in bond yields – a decrease in corporate bond yields will increase the value placed on the Scheme's liabilities; inflation risk – some of the Scheme's liabilities are linked to inflation, and higher inflation would lead to higher liabilities (mitigated by a cap on the level of inflationary increases which protects against extreme inflationary increases); and life expectancy – the majority of the Scheme's obligations are for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The amounts recognised in the income statement in respect of the Scheme were as follows:

	2016 £m	2015 £m
Deemed interest arising on the defined benefit pension scheme surplus	**3.2**	2.3
Scheme's administrative expenses	**(0.9)**	(0.7)
Pension scheme settlement gain	**3.6**	–

Deemed interest arising on the defined benefit pension scheme surplus has been included within finance income (Note 8).

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2016 £m	2015 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**50.0**	29.8
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**0.6**	–
Actuarial losses arising on the revaluation of insurance policies	**(0.6)**	–
Actuarial losses arising from changes in financial assumptions	**(40.3)**	(0.8)
Actuarial losses arising from changes in demographic assumptions	**(7.6)**	(6.7)
Actuarial gains arising from experience adjustments	**3.7**	2.2
Remeasurement of the defined benefit pension scheme	**5.8**	24.5

35. Retirement benefits continued
(b) UK defined benefit scheme continued
Movements in the present value of the Scheme liabilities were as follows:

	2016 £m	2015 £m
At 1 January	**(201.6)**	(193.6)
Deemed interest cost	**(6.8)**	(7.1)
Settlement gains	**3.6**	–
Actuarial losses on the revaluation of insurance policies	**(0.6)**	–
Actuarial losses arising from changes in financial assumptions	**(40.3)**	(0.8)
Actuarial losses arising from changes in demographic assumptions	**(7.6)**	(6.7)
Actuarial gains arising from experience adjustments	**3.7**	2.2
Benefits paid/transfers out	**32.5**	4.4
At 31 December	**(217.1)**	(201.6)

Movements in the fair value of the Scheme assets were as follows:

	2016 £m	2015 £m
At 1 January	**289.8**	255.7
Deemed interest income	**10.0**	9.4
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**50.0**	29.8
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**0.6**	–
Benefits paid/transfers out	**(32.5)**	(4.4)
Administrative expense	**(0.9)**	(0.7)
At 31 December	**317.0**	289.8

The major categories and fair values of the Scheme assets as at 31 December were as follows:

	2016 £m	2015 £m
Cash and cash equivalents	**4.4**	3.9
Equity instruments		
– Consumer products	**179.2**	222.8
– Industrials	**19.0**	21.1
– Business services	**30.4**	36.3
	228.6	280.2
Government bonds	**78.3**	–
Insurance policies	**4.9**	4.4
Other receivables	**0.8**	1.3
At 31 December	**317.0**	289.8

All equity instruments have quoted prices in active markets (Level 1). The Scheme does not hedge against foreign currency exposures or interest rate risk. After the year end, as part of the arrangements for the transfer of the Scheme's liabilities, the Trustees transferred all of the Scheme's equity investments into fixed income securities and bonds.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit liability between current employees (duration of 25 years), deferred members (duration of 23 years) and current pensioners (duration of 13 years).

The estimated amounts of contributions expected to be paid into the Scheme during 2017 is £nil.

Notes to the Consolidated Financial Statements
continued

for the year ended 31 December 2016

35. Retirement benefits continued

(c) Defined contribution pensions

The Group operates a number of defined contribution schemes for qualifying employees. The assets of these schemes are held separately from those of the Group.

The defined contribution pension cost for the Group charged to administrative expenses was £7.2m (2015: £7.1m), of which £2.6m (2015: £2.0m) related to overseas schemes.

As at 31 December 2016, there was £0.1m outstanding in respect of the current reporting period that had not been paid over to the schemes (2015: £0.6m).

36. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

The total amounts owed to and from associates and joint ventures at 31 December 2016, which also represent the value of transactions during the year, are set out below:

	Amounts owed by related parties		Amounts owed to related parties	
	2016 £m	2015 £m	2016 £m	2015 £m
Associates	3.2	0.7	(0.2)	–
Joint ventures	0.5	–	(1.8)	–

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Directors

Costs in respect of the Directors who were the key management personnel of the Group during the year are set out below in aggregate for each of the categories specified in IAS 24 ‘Related Party Disclosures’. Further information about the individual Directors is provided in the audited part of the Report on Directors’ Remuneration on pages 56 to 77.

	2016 £m	2015 £m
Short term benefits	5.0	3.8
Social security costs	0.7	0.5
	5.7	4.3

37. Principal subsidiaries

At 31 December 2016, the following companies were the Group's principal subsidiary undertakings. A full list of the Group's undertakings, the country of incorporation and the Group's effective percentage of equity owned is set out in the listing on pages 144 to 152. All subsidiaries are involved in broking or information sales activities and have either a 31 December or 31 March year end as identified below.

Country of incorporation and operation	Principal subsidiary undertakings	Issued ordinary shares, all voting
Australia	ICAP Brokers Pty Limited[1]	100%
Bermuda (operating in England)	PVM Oil Associates Limited	100%
Brazil	ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda[1]	100%
	Tullett Prebon Brasil S.A.	100%
England	ICAP Energy Limited[1]	100%
	ICAP Europe Limited[1]	100%
	ICAP Global Derivatives Limited[1]	100%
	ICAP Information Services Limited[1]	100%
	ICAP Management Services Limited[1]	100%
	ICAP Securities Limited[1]	100%
	ICAP WCLK Limited[1]	100%
	The Link Asset and Securities Company Limited[1]	100%
	Tullett Prebon (Europe) Limited	100%
	Tullett Prebon (Securities) Limited	100%
	PVM Oil Futures Limited	100%
Guernsey (operating in England)	Tullett Prebon Information Limited	100%
Hong Kong	ICAP (Hong Kong) Limited[1]	100%
	ICAP Equities Asia Limited[1]	100%
	ICAP Securities Hong Kong Limited[1]	100%
	Tullett Prebon (Hong Kong) Limited	100%
Indonesia	PT. Inti Tullett Prebon Indonesia	57.52%
Japan	Tullett Prebon (Japan) Limited	100%
Singapore	ICAP AP (Singapore) Pte. Limited[1]	100%
	ICAP Management Services Private Limited[1]	100%
	Tullett Prebon Energy (Singapore) Pte. Ltd.	100%
	Tullett Prebon (Singapore) Limited	100%
	PVM Oil Associates Pte. Ltd.	100%
UAE	Tullett Prebon (Dubai) Limited	100%
United States	ICAP Corporates LLC[1]	100%
	ICAP Energy LLC[1]	100%
	ICAP Information Services Inc.[1]	100%
	ICAP Securities USA LLC[1]	100%
	ICAP SEF (US) LLC[1]	100%
	Tullett Prebon Americas Corp.	100%
	Tullett Prebon Financial Services LLC	100%
	PVM Futures Inc	100%
	Tullett Prebon Information Inc	100%

Note:
1 31 March year end.

As at 31 December 2016, £21.4m (2015: £1.7m) is due to non-controlling interests relating to those subsidiaries that are not wholly owned. Movements in non-controlling interests are set out in Note 28(c). No individual non-controlling interest is material to the Group. There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities relating to these subsidiaries.

38. Events after the balance sheet date

In January 2017, the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Proceeds were used to repay the £470m bank loan.

Company Balance sheet

as at 31 December 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Investment in subsidiary undertakings	4	**2,542.1**	1,077.2
Current assets			
Trade and other receivables	5	**364.6**	3.1
Cash and cash equivalents		**5.0**	74.9
		369.6	78.0
Total assets		**2,911.7**	1,155.2
Current liabilities			
Trade and other payables	6	**(28.9)**	(18.4)
Interest bearing loans and borrowings	8	**(467.3)**	–
Current tax liabilities		**–**	(1.8)
		(496.2)	(20.2)
Net current (liabilities)/assets		**(126.6)**	57.8
Total assets less current liabilities		**2,415.5**	1,135.0
Non-current liabilities			
Interest bearing loans and borrowings	8	**(79.5)**	(79.3)
Other long term payables	7	**–**	(6.4)
		(79.5)	(85.7)
Total liabilities		**(575.7)**	(105.9)
Net assets		**2,336.0**	1,049.3
Capital and reserves			
Share capital	9	**138.5**	60.9
Share premium		**17.1**	17.1
Merger reserve		**1,256.0**	57.0
Own shares		**(6.3)**	(0.1)
Profit and loss account		**930.7**	914.4
Total equity		**2,336.0**	1,049.3

The Company reported a profit for the financial year ended 31 December 2016 of £36.3m (2015: £96.2m).

The Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 14 March 2017 and are signed on its behalf by

John Phizackerley
Chief Executive

Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Profit and loss account £m	Total equity £m
2016						
Balance at 1 January 2016	**60.9**	**17.1**	**57.0**	**(0.1)**	**914.4**	**1,049.3**
Profit and other comprehensive income for the year	**–**	**–**	**–**	**–**	**36.3**	**36.3**
Dividends paid	**–**	**–**	**–**	**–**	**(40.7)**	**(40.7)**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(6.2)**	**–**	**(6.2)**
Issue of ordinary shares	**77.6**	**–**	**1,205.6**	**–**	**–**	**1,283.2**
Share issue costs	**–**	**–**	**(6.6)**	**–**	**–**	**(6.6)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**20.7**	**20.7**
Balance at 31 December 2016	**138.5**	**17.1**	**1,256.0**	**(6.3)**	**930.7**	**2,336.0**

2015						
Balance at 1 January 2015	60.9	17.1	57.0	(0.1)	847.2	982.1
Profit and other comprehensive income for the year	–	–	–	–	96.2	96.2
Dividends paid	–	–	–	–	(41.0)	(41.0)
Credit arising on share-based awards	–	–	–	–	12.0	12.0
Balance at 31 December 2015	60.9	17.1	57.0	(0.1)	914.4	1,049.3

Notes to the Financial Statements

for the year ended 31 December 2016

1. Basis of preparation

Following the publication of FRS 100 'Application of Financial Reporting Requirements' by the Financial Reporting Council, the Company adopted FRS 101 'Reduced Disclosure Framework' as its accounting framework in 2015. No disclosures previously made in the Company's Financial Statements are omitted on the application of FRS 101.

The separate Financial Statements of the Company are presented as required by the Companies Act. They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments held at fair values at the end of each reporting period, as explained in the accounting policies. and in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. As discussed on page 80 of the Directors' Report, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Financial Statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

2. Significant accounting policies

The principal accounting policies adopted are the same as those set out in Note 3 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The Company has share-based payment arrangements involving employees of its subsidiaries. The cost of these arrangements is measured by reference to the fair value of equity instruments on the date they are granted. Cost is recognised in 'investment in subsidiary undertakings' and credited to the 'profit and loss account' reserve on a straight-line basis over the vesting period. Where the cost is subsequently recharged to the subsidiary, it is recognised as a reduction in 'investment in subsidiary undertakings'.

The Company is the sponsor of the Tullett Prebon plc Employee Benefit Trust 2007 and applies the 'look-through' approach to the Trust's assets, liabilities and results which are included as part of the Company.

3. Profit for the year

As permitted in section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year.

The auditor's remuneration for audit and other services is disclosed in Note 6 to the Consolidated Financial Statements. The Company has no employees (2015: nil). information about individual Directors is provided in the audited part of the Report on Directors' Remuneration on pages 62 to 70.

4. Investment in subsidiary undertakings

	2016 £m	2015 £m
Cost		
At 1 January	**1,077.2**	1,040.8
Capital contribution arising on share-based awards	**20.7**	12.0
Increase in investment in subsidiary undertaking	**161.0**	24.4
Acquisition of subsidiary undertaking	**1,283.2**	–
At 31 December	**2,542.1**	1,077.2

On 30 December 2016, the Group issued 310.3m shares with a fair value of £1,283.2m to acquire 100% of the share capital of ICAP Global Broking Holdings Limited (‘ICAP’). No further consideration is payable in respect of the acquisition.

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in the ‘Group Undertakings’ section of this Annual Report.

5. Trade and other receivables

	2016 £m	2015 £m
Amounts owed by Group undertakings	**362.8**	–
Financial assets at FVTPL	**0.2**	–
Prepayments and accrued income	**1.6**	3.1
	364.6	3.1

6. Trade and other payables

	2016 £m	2015 £m
Accruals and deferred income	**21.6**	5.1
Amounts due to Group undertakings	**–**	13.3
Deferred consideration	**7.3**	–
	28.9	18.4

7. Other long term payables

	2016 £m	2015 £m
Deferred consideration	**–**	6.4

Notes to the Financial Statements

for the year ended 31 December 2016

8. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2016			
Bank loan due December 2017	**467.3**	**–**	**467.3**
Sterling Notes June 2019	**–**	**79.5**	**79.5**
	467.3	**79.5**	**546.8**
2015			
Sterling Notes June 2019	–	79.3	79.3

Sterling Notes: Due June 2019

In December 2012 £80m Sterling Notes, due June 2019, were issued. The Notes have a coupon of 5.25% paid semi-annually. At 31 December 2016 their fair value (Level 1) was £83.6m (2015: £81.7m). The Notes were guaranteed by a fellow Group undertaking, TP Holdings Limited, whilst the Group's Sterling Notes due July 2016 were outstanding.

Bank loan: Due December 2017

The Company entered a £470m committed bridge financing facility that could be extended to December 2017. Drawdown was conditional on the completion of the ICAP acquisition. £470m was drawn in December 2016 with proceeds used to repay £140m outstanding on the Company's bank credit facility and £330m lent to ICAP to enable repayment of a loan acquired with the ICAP acquisition. Facility fees of £3.3m were incurred in 2016, based on fees of 0.4%, increasing over time to 0.83%, on the undrawn balance. Interest is payable on amounts drawn based on libor plus a variable margin. Arrangement fees are amortised over the facility life. The carrying amount of the bank loan approximates to its fair value.

Bank credit facility

The Company has a £250m committed revolving credit facility, the maturity of which has been extended by a year to April 2019. During the year, £140m was drawn and invested in a fellow Group undertaking to enable it to repay its Sterling Notes that matured in July 2016. The amount drawn by the Company was repaid from the proceeds of the bank loan. The facility was undrawn at the end of the year. Facility fees of 1% are payable on the undrawn balance. Arrangement fees are amortised over the maturity of the facility.

Sterling Notes: Due January 2024

In January 2017, the Company issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. Proceeds were used to repay the £470m bank loan.

9. Share capital

	2016 No.	2015 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**554,132,671**	243,516,227

The movement in the number of shares during the year is shown in Note 27 to the Consolidated Financial Statements.

	2016 £m	2015 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**138.5**	60.9

310,314,296 ordinary shares were issued on 30 December 2016 with a fair value of £1,283.2m in connection with the acquisition of ICAP. On 27 September 2016, 302,148 ordinary shares were issued to the Tullett Prebon plc Employee Benefit Trust 2007 that were used to satisfy share option exercises.

Descriptions of the merger reserve and own shares, together with the movements in those reserves, are disclosed in Note 28 to the Consolidated Financial Statements.

Shareholder Information

Financial calendar for 2017
11 May at 12.15pm
Annual General Meeting

Dividend mandate
Shareholders who wish their dividends to be paid directly into a bank or building society account should contact Capita Asset Services for a dividend mandate form. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that shareholders' accounts are credited on the dividend payment date.

Dividend Reinvestment Plan ('DRIP') – The Company offers a DRIP, for further information contact Capita Asset Services.

Shareholder information on the internet
The Company maintains an investor relations page on its website, www.tpicap.com, which allows access to share price information, Directors' biographies, copies of Company reports, selected press releases and other useful investor information.

Share certificates
Share certificates in TP ICAP plc were issued on 12 January 2017 to new shareholders and to replace all existing share certificates in Tullett Prebon plc, which are now deemed to be cancelled.

Registered office
TP ICAP plc
Tower 42, Level 37
25 Old Broad Street
London EC2N 1HQ

United Kingdom
Tel: +44 (0)20 7200 7000
Website: www.tpicap.com

All administrative enquiries relating to shareholdings should be directed to Capita Asset Services.

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300*
From overseas: +44 (0) 371 64 0300

Email: shareholderenquiries@capita.co.uk

* Calls cost 12p per minute plus your phone company's access charge. From overseas +44 (0) 371 664 0300 calls outside the United Kingdom will be charged at the applicable international rate. We are open 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

To access and maintain your shareholding online: www.capitashareportal.com

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
Hill House
1 Little New Street
London EC4A 3TR
United Kingdom
www.deloitte.com

TP ICAP plc is a company incorporated and registered in England and Wales with number 5807599

Group undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 31 December 2016 are listed below. Unless otherwise stated the undertakings below are wholly owned and the share capital disclosed comprises ordinary shares or common stock (or the local equivlant thereof) which are indirectly held by TP ICAP plc.

Company name/Address	Country of incorporation	Interest	Note
Suite 304, L.G. Smith Boulevard 62, Oranjestad Oost, Aruba			
Fulton Prebon Holdings N.V.	Aruba		
Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia			
ICAP Australia Pty Ltd	Australia		
ICAP Brokers Pty Limited	Australia		
ICAP Europe Limited, Australia Branch	Operating in Australia		
ICAP Futures (Australia) Pty Ltd	Australia		
iSwap AUD NZD Pty. Ltd.	Australia	50.1%	
Level 36, 60 Margaret Street, Sydney NSW 2000, Australia			
Tullett Prebon (Australia) Pty Ltd	Australia		
Euro Plaza - Building G, Am Euro Platz 2 , 1120 Vienna, Austria			
PVM Data Services GmbH	Austria		
P.O. Box 5482, Manama Centre, 104/105 Government Road, Manama 316, Bahrain			
Marshalls (Bahrain) W.L.L.	Bahrain	70%	
PO Box 20526, Flat No.31, Building 104, Manama Centre, Entrance 4, 3rd Floor, Govt Avenue 383, Manama 316, Bahrain			
Tullett Liberty (Bahrain) Co. W.L.L.	Bahrain	85%	
PO Box 5488, 43rd Floor, 4301, West Tower, Bahrain Financial Harbour, Bahrain			
ICAP (Middle East) W.L.L.	Bahrain	49%	
Cumberland House, 9th Floor, 1 Victoria Street, Hamilton, HM11, Bermuda			
PVM Oil Associates Ltd	Bermuda		
4, parte, Avenida Pedroso de Moraes, 1201, 2nd Floor, Pinheiros, Sao Paulo, 05419-001, Brazil			
Tullett Prebon Brasil S.A.	Brazil		
Tullett Prebon Holdings Do Brasil Ltda.	Brazil		
Av. das Américas, 3.500, 2º andar, salas 201-205, 219 e 220, Ed. Londres, Barra da Tijuca, Rio de Janeiro, Brazil			
ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda	Brazil		
ICAP do Brasil Participações Ltda	Brazil		
P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands			
Catrex Limited	British Virgin Islands		
Portcullis (BVI) Ltd, Portcullis Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands			
Vantage Capital Holdings Limited	British Virgin Islands		
1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, Canada			
Tullett Prebon Americas Corp., Toronto Branch	Operating in Canada		
Tullett Prebon Canada Limited	Canada		
Prebon Technology Services (Canada) Limited	Canada		

Company name/Address	Country of incorporation	Interest	Note
100 King Street West, Suite 6600 1 First Canadian Place, Toronto, ON, M5X1B8, Canada			
ICAP Capital Markets (Canada) Inc.	Canada		
400 3rd Avenue SW, Suite 3700, Calgary, AB T2P 4H2, Canada			
PVM Oil Associates Canada Ltd	Canada		
Avenida Andres Bello 2711, Piso 8, Santiago, Chile			
SIF ICAP Chile Holdings Ltda	Chile	50%	2
SIF ICAP Chile SpA	Chile	30%	
9th Floor, Room 1001, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China			
Tullett Prebon SITICO (China) Limited	China	33%	18
Unit 2547, 25/F One Prime, 1361 North Sichuan Road, Hongkou District, Shanghai, China			
ICAP Shipping (Shanghai) Co,. Ltd.	China		
9th Floor, Room 1002, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China			
Prebon Yamane International Limited, Shanghai Representative Office	Operating in China		
Carrera 11 No. 93-46 - 403 Office, Bogotá, Colombia			
SET-ICAP Securities S.A.	Colombia	47.4%	
Carrera 13 No. 97-76 - Office 501, Bogota, Colombia			
ICAP Colombia Holdings S.A.S.	Colombia	94.2%	
Carrera 7, No. 71-21 Torre B Of, Bogotá, Colombia			
SET-ICAP FX S.A.	Colombia	47.9%	
Rentemestervej 14, Copenhagen NV, DK-2400, Denmark			
ICAP Scandinavia Fondsmæglerselskab A/S	Denmark		
Eloy Alfaro 2515 y Catalina Aldáz, Quito, Ecuador			
ICAP del Ecuador S.A.	Ecuador		
89/91 rue de faubourg, Saint Honore, 75008 Paris, France			
Tullett Prebon (Europe) Limited, Paris Branch	Operating in France		
Bleidenstraße 6-10, 60311 Frankfurt am Main, Germany			
Tullett Liberty GmbH	Germany		1
Tullett Prebon (Securities) Limited, Frankfurt Branch	Operating in Germany		
Tullett Securities GmbH Deutschland	Germany		1
Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany			
Astley & Pearce Deutschland GmbH	Germany		
ICAP Deutschland GmbH	Germany		
ICAP Ltd. & Co. oHG	Germany		
ICAP Securities Limited, Frankfurt Branch	Operating in Germany		
Stephanstrasse 3, 60313 Frankfurt am Main, Germany			
Intermoney AP & Co. Geld-und Eurodepotmakler OHG	Germany	75%	2
Suite 1, Burns House, 19 Town Range, Gibraltar			
ICAP US Holdings No 1 Limited	Gibraltar		
ICAP US Holdings No 2 Limited	Gibraltar		
Regency Court Glategny Esplanade St Peter Port, GY1 1WW, Guernsey			
Tullett Prebon Information Limited	Guernsey		

Group undertakings
continued

Company name/Address	Country of incorporation	Interest	Note
29th Floor, The Center, 99 Queen's Road, Central, Hong Kong			
ICAP Securities Hong Kong Limited	Hong Kong		
ICAP (Hong Kong) Limited	Hong Kong		
ICAP Equities Asia Limited	Hong Kong		
ICAP Management Services Hong Kong Limited	Hong Kong		
Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong			
M.W. Marshall (Hong Kong) Limited	Hong Kong		
Marshalls (London) Investment Limited	Hong Kong		
Tullett Prebon (Hong Kong) Limited	Hong Kong		16
Tullett Prebon Asia Group Limited	Hong Kong		
4th Floor, Kalpataru Heritage, 127 M. G. Road, Fort Mumbai 400 001, India			
Prebon Yamane (India) Limited	India	48%	
Office No. 6, 3rd Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (E), Mumbai, 400051, Maharashtra, India			
ICAP IL India Private Limited	India	40%	12
ICAP Institutional Stock Exchange of India Limited	India	38%	
Menara Dea Tower II 12th Floor, Kawasan Mega Kuningan, Jl. Mega Kuningan Barat Kav. E4.3, Jakarta 12950, Indonesia			
PT ICAP Indonesia	Indonesia	85%	
Wisma 46, Kota BNI, 9th Floor, JL Jendral Sudirman Kav.1, Jakarta, 10220, Indonesia			
P.T. Inti Tullett Prebon Indonesia	Indonesia	57.52%	
4-10 Nihonbashi-Muromachi, 4-chome, Chuo-ku, Tokyo, 103-0022, Japan			
Central Totan Securities Co. Ltd	Japan	20%	
ICAP Totan Securities Co., Ltd.	Japan	60%	
7th Floor, Totan Muromachi Building, 4-4-10 Nihonbashi Muromachi, Chuo-ku, Tokyo, 103-0022, Japan			
Totan ICAP Co., Ltd.	Japan	40%	
Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan			
tpSEF Inc., Tokyo Branch	Operating in Japan		
Prebon Limited, Tokyo Branch	Operating in Japan		
Tullett Prebon (Europe) Limited, Tokyo Branch	Operating in Japan		
Tullett Prebon (Japan) Limited	Japan		
Tullett Prebon ETP (Japan) Ltd	Japan		
Equity Trust House 28-30 The Parade St Helier, JE1 1EQ, Jersey			
M.W. Marshall (Overseas) Limited (Jersey)	Jersey		
Prebon Marshall Yamane (C.I.) Limited	Jersey		
11th Floor, Seoul YWCA Bldg, 1-1, Myung-dong 1-ga, Jung Gu, Korea, Republic of			
ICAP Foreign Exchange Brokerage Limited	Korea, Republic of		
6th Floor, Samsung Fire & Marine Insurance Building, 29 Euljiro, Joong-gu, Seoul, Korea			
Tullett Prebon Money Brokerage (Korea) Limited	Korea, Republic of		

Company name/Address	Country of incorporation	Interest	Note
17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg			
ICAP Luxembourg Holdings (No. 1) S.A.R.L	Luxembourg		
ICAP Luxembourg Holdings (No. 2) S.A.R.L	Luxembourg		
ICAP US Holdings No 2 Limited, Luxembourg Branch	Operating in Luxembourg		
2, Rue Henri Schnadt, L-2530 Luxembourg			
Tullett Prebon (Europe) Limited, Luxembourg Branch	Operating in Luxembourg		
802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia			
Amanah Butler Malaysia Sdn Bhd	Malaysia	32.1%	
Level 14 Chulan Tower, No. 3, Jalan Conlay, Kuala Lumpur, Wilayah Persekutuan, 50450, Malaysia			
KAF-Astley & Pearce Sdn. Bhd.	Malaysia	40%	
Av. de Vasco de Quiroga 1900, Piso 4, Oficina 403, Colonia Centro Ciudad Santa Fe, Delegación Álvaro Obregón, C.P. 01210, México, Distrito Federal			
Tullett Prebon Mexico SA de C.V.	Mexico		
Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico			
ICAP Bio Organic S. de RL de C.V.	Mexico	25%	2
Plataforma Mexicana de Carbono S. de R.L. de C.V.	Mexico	50%	2
SIF Agro S.A. de C.V.	Mexico	50%	
SIF ICAP Derivados, S.A. de C.V.	Mexico	50%	13
SIF ICAP Servicios, S.A. de C.V.	Mexico	50%	14
SIF ICAP, S.A. de C.V.	Mexico	50%	15
Coengebouw - Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands			
Astley & Pearce (International) B.V.	Netherlands		
Astley & Pearce B.V.	Netherlands		
Astley & Pearce Investments B.V.	Netherlands		
BGU Brokers Europe B.V.	Netherlands		1
ICAP Holdings (Nederland) B.V.	Netherlands		
ICAP Investments (Nederland) B.V.	Netherlands		
ICAP Latin American Holdings B.V.	Netherlands		
ICAP Securities (No. 1) B.V.	Netherlands		
ICAP Securities (No. 2) B.V.	Netherlands		
Teleport Towers, 7th Floor, 7th Floor Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands			
ICAP Energy AS, Netherlands Branch	Operating in The Netherlands		
Telestone 8 - Teleport, Naritaweg 165, 1043 BW, Amsterdam, Netherlands			
Prebon Holdings B.V.	Netherlands		
Level 12, 36 Customhouse Quay, Wellington, 6000, New Zealand			
Harlow Butler (NZ) Limited	New Zealand		1, 19
ICAP New Zealand Limited	New Zealand		

Group undertakings
continued

Company name/Address	Country of incorporation	Interest	Note
Plot 1679, 4th Floor, African Re-Insurance Building, Karimu Kotun Street, Victoria Island, Lagos State, Nigeria			
ICAP African Brokers Limited	Nigeria	66.3%	
Storetveitvegen 96, 5072 Bergen, Norway			
ICAP Energy AS	Norway		
Pasaje Acuña 106 - Lima, Peru			
Datos Técnicos, S.A.	Peru	25%	
14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines			
ICAP Philippines Inc.	Philippines	99.9%	9
ICAP Management Services Limited, Philippine Branch	Operating in Philippines		
25th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Philippines			
Tullett Prebon (Philippines) Inc.	Philippines	51%	
al Jerozolimskie 65/79, 00-697 Warsaw, Poland			
Tullett Prebon (Polska) S.A.	Poland		
1 Kim Seng Promenade, #11-05, Great World City, 237994, Singapore			
PVM Oil Associates Pte. Ltd	Singapore		
PVM Oil Futures Pte. Ltd	Singapore		
10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore			
ICAP AP (Singapore) Pte. Limited	Singapore		
ICAP Currency Options Pte. Ltd.	Singapore		
ICAP Financial Products Pte. Ltd.	Singapore		
Noranda Investments Pte Ltd	Singapore		
50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore			
Prebon (Singapore) Holdings Ltd	Singapore		
Prebon Technology Services (Singapore) Pte. Ltd.	Singapore		
Tullett Prebon (Singapore) Limited	Singapore		
Tullett Prebon Energy (Singapore) Pte. Ltd.	Singapore		
8 Marina Boulevard, #05-02, Marina Bay Financial Centre, 018981, Singapore			
ICAP Energy Limited, Singapore Branch	Operating in Singapore		
ICAP Energy Pte. Ltd.	Singapore		
ICAP Management Services Private Limited	Singapore		
19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa			
Garban South Africa (Pty) Limited	South Africa	66.3%	
ICAP Broking Services South Africa (Pty) Ltd	South Africa	66.3%	
ICAP Holdings South Africa (Pty) Limited	South Africa	66.3%	
ICAP Securities South Africa (Proprietary) Limited	South Africa	66.3%	
2nd Floor, West Tower, Nelson Mandela Square, Maude Street, Sandton, 2196, South Africa			
Tullett Prebon South Africa (Pty) Limited	South Africa		
Avenida de la Vega 1,Edificio, Planta 3, Office 15, Madrid, 28108 Alconedas, Spain			

Company name/Address	Country of incorporation	Interest	Note
ICAP Energy AS, Spain Branch	Operating in Spain		
Torre Europa, Paseo de la Castellana 95, planta 10, 28046 Madrid, Spain			
Tullett Prebon (Europe) Limited, Spanish Branch	Operating in Spain		
Torre Picasso, Pza Pablo Ruiz Picasso, s/n-Plantas 22 y 23, 28020 Madrid, Spain			
Corretaje e Informacion Monetaria y de Divisas SA	Spain	21.5%	4
rue des Battoirs 7, c/o PKF Geneva SA, 1205 Geneve, Switzerland			
ICAP Energy Suisse S.A.	Switzerland		
route de Pré-Bois 29, World Trade Center II, 1215 Genève 15 cases, Switzerland			
Tullett Prebon (Securities) Limited, Geneva Branch	Operating in Switzerland		
Zürcherstrasse 66, 8800 Thalwil, Switzerland			
Cosmorex AG	Switzerland		
No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Putumwan, Bangkok, 10330, Thailand			
ICAP Securities Co., Ltd.	Thailand		
ICAP-AP (Thailand) Co., Ltd.	Thailand		
Nextgen Holding Co., Ltd.	Thailand	99.96%	8
Wall Street Tower Building, 13th Floor 33-64 Surawong Road, Bangrak, Bangkok 10500, Thailand			
Wall Street Tullett Prebon Limited	Thailand	49%	18
Wall Street Tullett Prebon Securities Limited	Thailand	49%	
117 Jermyn Street, London, SW1Y 6HH, England			
P V M Oil Consultants Limited	UK		
P V M Oil Futures Limited	UK		
PVM Smart Learning Limited	UK	50%	
PVM Oil Associates Ltd, UK Branch	Operating in UK		
3 Field Court, Gray's Inn, London, WC1R 5EF, England			
Tullett Liberty (Number 2) Limited	UK		1
ISIS Building, Marsh Wall, London, E14 9SG, England			
Automated Confirmation Service Limited	UK	75.75%	
KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL, England			
ICAP IEB Z Limited	UK		1, 3, 4, 19
MKI Securities International, Limited	UK		1, 19
Garban Broking Holdings (Europe) Limited	UK		1, 3, 4
Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England			
Altex-ATS Limited	UK		
Cleverpride Limited	UK		
Exco Bierbaum AP Limited	UK		
Exco International Limited	UK		
Exco Nominees Limited	UK		
Exco Overseas Limited	UK		

Group undertakings
continued

Company name/Address	Country of incorporation	Interest	Note
Fulton Prebon Group Limited	UK		1
Gains International Infocom Holdings B.V.	Operating in UK		
Garban Group Holdings Limited	UK		
Garban International	UK		
Garban-Intercapital (2001) Limited	UK		
Garban-Intercapital US Investments (Holdings) Limited	UK		
Garban-Intercapital US Investments (No 1) Limited	UK		
Harlow (London) Limited	UK		
ICAP America Investments Limited	UK		
ICAP Corporates LLC, UK Branch	Operating in UK		
ICAP Energy Limited	UK		
ICAP Europe Limited	UK		
ICAP Global Broking Finance Limited	UK		
ICAP Global Broking Holdings Limited	UK		5
ICAP Global Broking Investments	UK		
ICAP Global Derivatives Limited	UK		
ICAP Holdings (Asia Pacific) Limited	UK		
ICAP Holdings (EMEA) Limited	UK		
ICAP Holdings (Latin America) Limited	UK		
ICAP Holdings (UK) Limited	UK		
ICAP Holdings Limited	UK		
ICAP Information Services Limited	UK		
ICAP Management Services Limited	UK		
ICAP Securities Limited	UK		
ICAP Securities USA LLC, UK Branch	Operating in UK		
ICAP UK Investments No. 1	UK		
ICAP UK Investments No. 2	UK		
ICAP US Holdings No 1 Limited, UK Branch	Operating in UK		
ICAP US Holdings No 2 Limited, UK Branch	Operating in UK		
ICAP WCLK Limited	UK		
iSwap Euro Limited	UK	50.1%	
iSwap Limited	UK	50.1%	10
M.W. Marshall (U.K.) Limited	UK		
M.W. Marshall Nominees Limited	UK		1
Patshare Limited	UK	50%	3
Prebon Group Limited	UK		
Prebon Limited	UK		
Prebon Yamane International Limited	UK		
Swardgreen Limited	UK	99.92%	

Company name/Address	Country of incorporation	Interest	Note
The Link Asset and Securities Company Limited	UK		
TP Holdings Limited	UK		
tpSynrex Ltd	UK	50%	
Tullett Liberty (European Holdings) Limited	UK		
Tullett Liberty (Futures Holdings) Limited	UK		
Tullett Liberty (Power) Limited	UK		
Tullett Liberty (Securities Holdings) Limited	UK		
Tullett Liberty B.V.	Operating in UK		
Tullett Liberty Brokerage Services (UK) Limited	UK		
Tullett Prebon (Equities) Limited	UK		
Tullett Prebon (Europe) Limited	UK		
Tullett Prebon (No. 1)	UK		
Tullett Prebon (No. 3) Limited	UK		
Tullett Prebon (Oil) Limited	UK		
Tullett Prebon (Securities) Limited	UK		
Tullett Prebon (UK) Limited	UK		
Tullett Prebon Administration Limited	UK		
Tullett Prebon Group Holdings plc	UK		5, 17
Tullett Prebon Group Limited	UK		
Tullett Prebon Information Limited	UK		
Tullett Prebon Investment Holdings Limited	UK		
Tullett Prebon Latin America Holdings Limited	UK		
Gate Village 1, Level 1, Suite 107/108, PO Box 506787, DIFC, Dubai, UAE			
Tullett Prebon (Dubai) Limited	United Arab Emirates		
101 Hudson Street, Jersey City, New Jersey, 07302, United States			
PVM Energy LLC	US		
1209, Orange Street, Wilmington, Delaware, 19801, United States			
Exco Noonan Pension LLC	US		6
First Brokers Securities LLC	US	40%	11
ICAP Broking Holdings North America LLC	US		6
ICAP Corporates LLC	US		6
ICAP Futures Holdings Inc	US		
ICAP Global Broking Inc.	US		
ICAP Information Services Inc	US		
ICAP Media LLC	US		
ICAP North America Inc.	US		
ICAP Securities USA LLC	US		6
ICAP SEF (US) LLC	US		6
ICAP Services North America LLC	US		6

Group undertakings

continued

Company name/Address	Country of incorporation	Interest	Note
ICAP Spot USA LLC	US		6
ICAP United Inc.	US		
ICAP US Financial Services LLC	US		7
iSwap US Inc	US	50.1%	
Linkbrokers Derivatives LLC	US		6
Pronous Asset Management LLC	US	70%	6
PVM Oil Associates Inc	US		
Wrightson ICAP LLC	US		
EnergyCurves LLC	US	50%	
2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808, United States			
Prebon Financial Products Inc.	US		
tpSEF Inc.	US		
Tullett Prebon (Americas) Holdings Inc.	US		
Tullett Prebon Americas Corp.	US		
Tullett Prebon Financial Services LLC	US		
Tullett Prebon Information Inc	US		
47 Water Street, Norwalk, Connecticut, 06854, United States			
MOAB Oil Inc.	US		
80 State Street, Albany, New York 11207-2573, United States			
M.W. Marshall Inc.	US		
820 Bear Tavern Road, West Trenton, New Jersey, 08628, United States			
PVM Futures Inc	US		
9931 Corporate Campus Drive, Suite 2400, Louisville, Kentucky, 40223, United States			
ICAP Energy LLC	US		6
CT Corporation, 111 Eighth Avenue, New York, 10011, United States			
ICAP Merger Company LLC	US		

Notes:
1 In liquidation as at 31 December 2016
2 Partnership interest
3 A ordinary shares
4 B ordinary shares
5 Directly held
6 Membership interest
7 Class A common shares, class B common shares and series B preferred shares
8 Class B ordinary
9 A ordinary shares (99.9%)
10 B ordinary and A2 shares
11 Class B units
12 Non-cumulative non-convertible redeemable preference shares (100%) and ordinary shares (40%)
13 Series I ordinary shares and series II ordinary shares
14 Series IB shares
15 Class I Shares and Class II Shares
16 Ordinary shares & Redeemable Preference shares
17 Ordinary and deferred shares
18 Group A & B ordinary shares
19 Dissolved after 31 December 2016

Glossary

Act
The Companies Act 2006
AGM
Annual General Meeting
APAC
Asia Pacific
Acquisition
The acquisition of ICAP's Global Broking and Information Business
AQR
Annual Quality Reward
Board
The Board of Directors of TP ICAP plc
BRC
Board Risk Committee
CCP
Central counter party house clearing
CAGR
Compound Annual Growth Rate
CAPM
Capital Asset Pricing Model
CDS
Credit Default Swaps
CME
Chicago Mercantile Exchange
CFS
Consolidated Financial Statements
CGU
Cash Generating Unit
CNH
Renminbi
Code
The UK Corporate Governance Code
COO
Chief Operating Officer
Company
TP ICAP plc
CRD IV
Capital Requirements Directive
CREST
Certificateless Registry for Electronic Share Transfer
Deloitte
Deloitte LLP
DRIP
Dividend Reinvestment Plan
EBITDA
Earnings before interest, tax, depreciation and amortisation
EMEA
Europe, Middle East and Africa
EPS
Earnings per Share
ERMF
Enterprise Risk Management Framework
EU
European Union
FCA
Financial Conduct Authority
FX
Foreign Exchange Currency
FRC
Financial Reporting Council
GEC
Global Executive Committee of TP ICAP plc
GERC
Group Executive Risk Committee
Group
TP ICAP plc and all of its subsidiaries
HKD
Hong Kong Dollar
HK $
Hong Kong dollar
HMRC
Her Majesty's Revenue & Customs
HR
Human Resources
IAS
International Accounting Standards
ICAP
ICAP Global Broking and Information Business, acquired by TP ICAP plc on 30 December 2016
IFRS
International Financial Reporting Standard
IGBB
ICAP Global Broking Business
ISDA
International Swaps and Derivatives Association
KPI
Key Performance Indicator
LTIS
Long Term Incentive Scheme
LTIP
Long Term Incentive Plan
MI
Management Information
MiFID II
Markets in Financial Instruments Directive
MOAB
Moab Oil Inc.
MTF
Multilateral Trading Facility
NEX
Nex Group plc
NRV
Net Realisable Value
OTC
Over the Counter
OTF
Organised Trading Facility
Pillar 1
Minimum capital requirements under CRD IV
Pillar 3
Disclosure requirements under CRD IV
PBT
Profit before Tax
PVM
PVM Oil Associates Ltd and its subsidiaries
RCSA
Risk and Control Self Assessment
RCF
Revolving Credit Facility
RMS
Risk Management Services
ROE
Return on Equity
SEF
Swap Execution Facility
SPA
Sale and Purchase Agreement
TP ICAP plc
Changed its name from Tullett Prebon plc on 28 December 2016
TSR
Total Shareholder Return
TPI
Tullett Prebon Information
Tullett Prebon PLC
Changed its name to TP ICAP plc on 28 December 2016
UK
United Kingdom
USD/US$
US Dollars
US/USA
United States of America
VAT
Value Added Tax
VIU
Value in use

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