From integration to transformation

Annual Report and Accounts 2017

TP ICAP facilitates the flow of capital and commodities around the world, enhancing investment and contributing to economic growth and financial stability.

- Our brokers match buyers and sellers of financial, energy and commodities products and facilitate price discovery and execution.
- 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.

Contents

1 Pull-out.
2 Inside front cover.

Who we are

We are a global firm of professional intermediaries that plays a central role in 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, context and execution to our clients.

We operate a hybrid model, where brokers provide market colour to clients, supplemented by proprietary screens that provide historical data, analytics and execution functionality.

We are a 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 services markets in Rates, FX and Money Markets, Emerging Markets, Equities and Credit products.

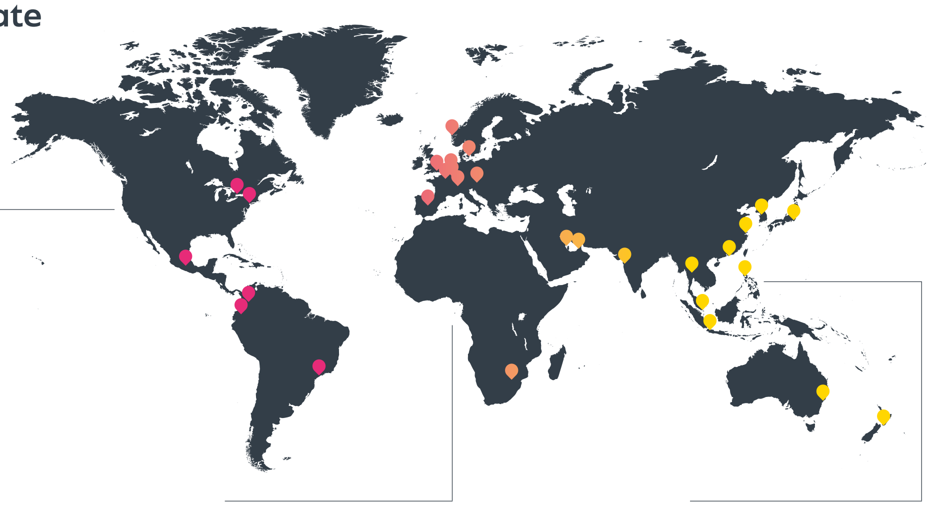
Energy & Commodities
Our Energy & Commodities division operates markets in oil, gas, power, renewables, ferrous metals, base metals, precious metals, soft commodities and coal.

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, record, trade and risk manage their portfolios.

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

Where we operate



Americas
Revenue

£628m

(2016 pro forma[1]: £642m)

EMEA
Revenue

£877m

(2016 pro forma[1]: £857m)

Asia Pacific
Revenue

£252m

(2016 pro forma[1]: £247m)

1 Pro forma defined on pages 28 and 29.

Our brands

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

TP ICAP group

tullett prebon

Tullett Prebon is a leading interdealer broker and operates as an intermediary in wholesale financial markets.

ICAP

ICAP is a leading interdealer broker and operates as an intermediary in wholesale financial markets.

PVM

PVM is a leading energy and commodities broker and operates as an intermediary in wholesale energy and commodity markets.

Mirexa Capital

Mirexa Capital is a leading agency execution broker that exists to service institutional investors such as hedge funds, asset managers and insurers.

tullett prebon information

Tullett Prebon Information is a leading provider of independent real-time price information from the global OTC financial and commodity markets.

ICAP INFORMATION

ICAP Information is a leading provider of independent real-time price information from the global OTC financial and commodity markets.

PVM DATA SERVICES

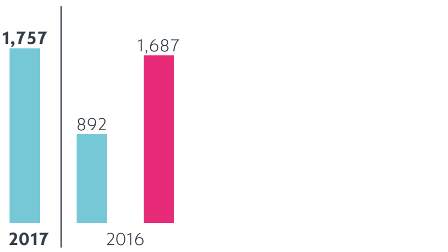
PVM Data Services is a leading provider of key market data from the global energy and commodities markets.

COEX

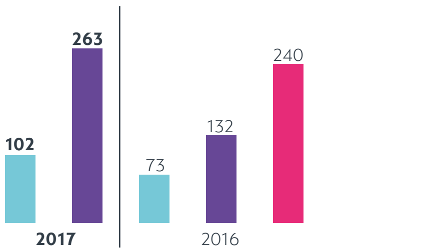
COEX is an agency execution broker within the listed derivatives and OTC markets serving institutional investors.

Highlights[1]

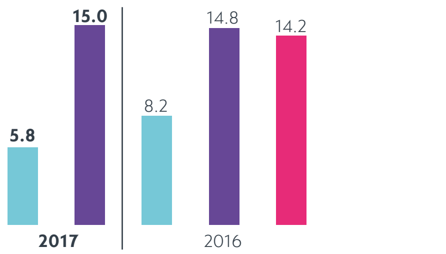
Revenue (£m)



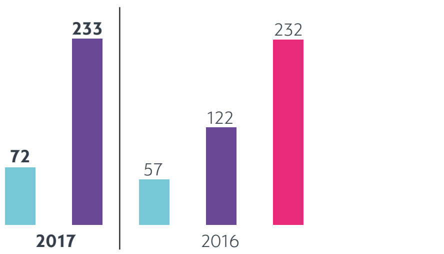
Operating profit (£m)



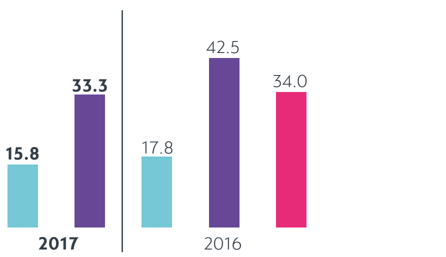
Operating margin (%)



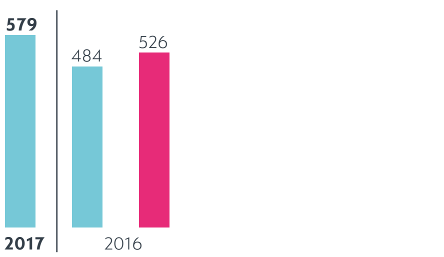
Profit before tax (£m)



Basic earnings per share (p)



Average revenue per broker (£000)



Statutory Underlying[3] Pro forma[1]

Strategic and operational highlights

Strategic and operational highlights

> A resilient performance in a low volatility environment.
> Successful delivery of regulatory requirements under MiFID II.
> Average revenue and contribution per broker increased in all regions.

Integration highlights

> £27m synergy savings[2] delivered in the year, ahead of schedule (original 2017 target £10m).
> £52m of annualised run rate synergy savings[2] achieved.
> Costs to achieve synergies of £79m (original 2017 target £40m).
> Headcount reduction of 295 in the period.
> Focus on non-compensation expenses.
> Property and infrastructure rationalisation under way.
> We reiterate our £100m synergy saving target by 2020.

Dividend

> Final dividend proposed of 11.25 pence due to be paid 17 May 2018.
> Total dividends in respect of 2017: 16.85 pence (2016: 16.85 pence).

1 These highlights have been presented on a statutory, underlying and pro forma basis see pages 28 and 29.
2 Synergies savings reflect the reduction of underlying staff costs as a result of individuals leaving the Group or transferring to integration related roles that will cease once integration is complete.
3 Underlying results represent the results excluding acquisition, disposal and integration costs and exceptional items. Please refer to pages 28 and 29 of the Annual Report.

To read more see our CEO's Review **p12-16**

Integration and future growth

We have made good progress in integrating Tullett Prebon and ICAP.

Integration
The acquisition of ICAP and formation of TP ICAP in December 2016 was transformational for our stakeholders. One of the driving factors behind the transaction was the potential for the combined Company to successfully integrate and generate significant synergies and cost savings. These cost savings are focused on our support and infrastructure areas and the process of the integration will take three years to achieve, with 2017 being the first year of the integration.

As we stated last year, our synergy target is for £80m of synergies by 2019 and a further £20m of annualised synergies from process optimisation by the end of 2020. Our initial target was to achieve £10m of synergies in 2017 followed by £50m in 2018 and £20m in 2019. In 2017, we achieved synergy savings and reduced costs of £27m, compared with proforma 2016, and annualised run rate synergy savings of £52m. The costs to achieve these synergies were £79m, which compares to an original target of £40m. Although we are ahead of our initial guidance we reiterate our synergy target of £100m synergies by 2020 as many of the synergy savings in 2017 have been accelerated from 2018.

Our approach to the integration has been to bring the two broadly similar global support functions together in a manner that ensured and enhanced delivery of service and in a way that improves efficiency and reduces costs. For example, we have created single support functions in Finance, Legal, Risk, Compliance and HR by removing duplication and successfully co-locating staff. The management structure of the Company has also been unified so that there are single leaders for all divisional, functional and corporate support areas.

Over the next 12 months, the integration will focus on the transformation of our services as we build for the future. This will involve the delivery of a more efficient and scalable IT and operations structure as well as consolidating our real estate footprint. This will further enhance our ability to service our customers in an efficient manner. We are also planning to further increase headcount in our Belfast Support Services Centre as part of the second phase of the integration, which will further enhance our IT capabilities and improve efficiency within the organisation.

As a result we anticipate that, whilst total synergies will be in line with our £100m target, greater synergies are expected to be achieved outside IT than previously anticipated.

Year 1

Focus on business integration

> Bring together two businesses and capture simple integration synergies.
> Agree governance, leadership roles and people processes.

Year 2–3

Corporate services transformation

> Look to 'optimise' processes.
> Integrate IT and improve its scalability.
> Deliver efficiencies from HR, Legal, Risk, Compliance and Finance, including process efficiency and IT platforms.
> Become world leaders in broker operations by increasing efficiency.
> Build upon our Belfast operation and optimise our third party spend.

Future Growth

The acquisition of ICAP has opened up a number of growth opportunities for the combined business as we leverage our scale and position as the largest interdealer broker in the world. We are focused on integrating the two businesses but it is also important that we continue to evolve and expand our Company to adapt and compete in a fast changing financial services market place.

Global Broking

For our Global Broking division we are planning to invest in new client facing technology that will improve the speed and ease of execution for our customers as well as making our brokers more productive. During 2017, we invested in a number of new products that achieved these aims. This included TP US credit, a volume matching solution that is purely electronic and has generated £1.2m of revenues during the period. We have also added hybrid volume matching capability in UK gilts, and electronic capabilities in US high yield bonds.

Data & Analytics
Gross operating margin

£27m

In 2017 we achieved £27m of synergies[1]

£52m

2017 year end annualised run rate of synergy savings[1]

1 See note 2 on page 1.

We plan to build on this success in 2018 and expand our Electronic Markets team that is responsible for improving hybrid platform functionality; developing pure-electronic services; and enhancing our clients' workflows. Through the evolution of these solutions, we continue to work hard to provide our customers with more efficient and effective ways of trading via multiple protocols, such as Central Limit Order Books ('CLOB'), Volume Matching, Crossing Solutions and Request for Quote ('RFQ').

Institutional Services

Our Institutional Services division has recently been established to focus on providing brokerage and execution services for buy-side clients such as hedge funds, asset managers and insurance companies. We believe that there is a need in capital markets for a high quality agency sales and execution services business, that does not take balance sheet risk, but acts as a key source of liquidity. We can source this liquidity from traditional and non-traditional pools that may not be available to the buy-side and importantly we can do this without conflicts of interest and on an anonymous basis.

We have made good progress in expanding this business with the acquisition of COEX Partners in November 2017. COEX provides trade and execution services in listed derivatives and OTC FX for a range of hedge funds, asset managers and other clients. The Institutional Services division will continue to focus on expanding the business both organically and inorganically over the next 12 months as it looks to capitalise on a growing demand for high-quality execution services.

Data & Analytics

On completion of the ICAP acquisition TP ICAP became the leading provider of over the counter ('OTC') pricing data in the world. This is an important part of our business and we have for the first time disclosed the gross operating margin on the £112m of revenues we achieved in 2017. The gross operating margin of the business was 62% in 2017 (2016: 67%). This data margin reflects minimal cost of sales. The reduction in the margin in 2017 reflects the investment the business has made for MiFID II and to develop a market data distribution platform.

In 2017, we hired Eric Sinclair from the Toronto Stock Exchange where he spent 16 years building out their data business. Eric now runs Data & Analytics at TP ICAP. We are in a unique position as TP ICAP as we have highly valuable proprietary OTC data. As part of our overall strategy, we are looking to expand our data offering and take advantage of the numerous opportunities that present themselves, from regulation to advanced analytics and cloud based technologies.

Energy & Commodities

TP ICAP is the world's largest Energy & Commodities broker with offices in 20 locations globally, and coverage of a broad set of energy and commodities products across the three brands we operate (Tullett Prebon, ICAP and PVM). Our strategy is to continue to grow our presence through recruiting more brokers and through bolt-on acquisitions. At the start of 2018, we acquired SCS Brokers, a US-based oil and softs brokerage company, and we will continue to look for further value-enhancing opportunities in a consolidating market. At the same time, we will look to make the business and our brokers more efficient by investing in our technology platforms so as to exploit our leading market position.

Our business model

We provide our clients with a wide choice of execution services, data products and analytics.

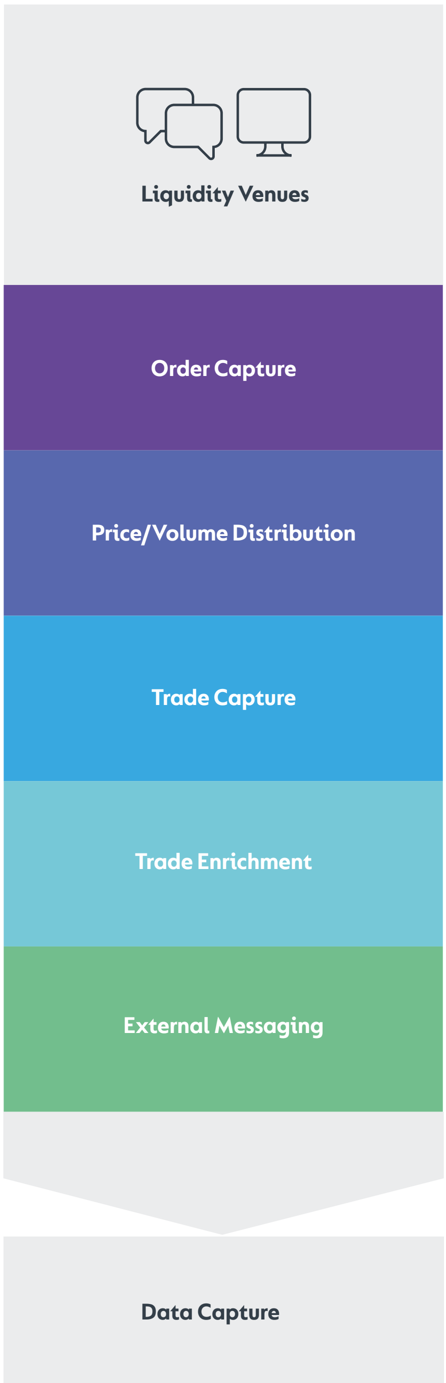
How we create value

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 & Analytics business that sells OTC pricing data that is generated from our broking activities. This data is proprietary as well as neutral.

Our business is structured along business division (see pull-out) 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.

The graphic opposite shows the way we operate across voice execution, electronic execution and hybrid voice execution. For the majority of the products that we trade, TP ICAP operates electronic venues. Every aspect of an electronic trade, from order capture to external messaging, is offered electronically to our clients who will choose the most efficient form of execution for the product they are trading. At TP ICAP we add the voice broking element to our electronic capabilities as our highly skilled brokers can add real value through the lifecycle of a trade.

To read our financial and operating review see **p18**



Value of hybrid voice

- Discretion
- Size Discovery
- Market 'Colour'
- Multi-legged/cross asset execution
- Regulated Venue

Value of data

- Global Neutral Market position
- Proprietary OTC Data

This 'hybrid' form of execution takes place on regulated venues where our emphasis on regulatory compliance and appropriate conduct and culture are paramount. By providing market insight and the ability to source liquidity for large and complex trades we believe that our brokers will continue to be central to the trading of OTC derivatives.

Name Passing

Around three quarters 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 one fifth 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

The remainder 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.

Our people

Our workforce includes a truly global range of nationalities and backgrounds of skilled and specialist brokers and data experts who have extensive product and industry experience and deep and trusted relationships with clients.

They work in close partnership with our technology developers who are experienced at developing applications, software and electronic platforms that are tailored to the client 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 culture. Our values of Honesty, Integrity, Respect and Excellence underpin everything we do. We have a zero tolerance approach to regulatory and professional ethics violations.

To read our financial and operating review see **p18**

Our strategy

The Group continues to develop its business in the wholesale financial, energy and commodities, data and institutional services markets to deliver superior performance, underpinned by strong financial discipline.

Our strategy

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

1. 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.
2. Seeking to continue to build the business's activities in energy and commodities products.
3. Extending the business's broking offering to service institutional investors such as asset managers, hedge funds and insurers (the 'buy-side').
4. Continuing to develop Data & Analytics where the product suite and delivery channels can be expanded.

To read more about our key performance indicators see **p8-9**

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

5. 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.
6. 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.
7. Developing the business's capability to source, execute and integrate acquisitions.
8. Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created.
9. Developing the HR function and processes to hire and train employees and to manage compensation appropriately to encourage good long-term behaviours.
10. Seeking to improve the business's brand awareness and coverage.

Key to our strategy

1 Hire brokers
2 Energy & Commodities
3 Broader client base
4 Data & Analytics
5 Investing in technology
6 Client relationship management
7 Acquisitions
8 Investment framework
9 HR
10 Brand

What we did

During 2017, we took actions to develop our business as a leader in wholesale OTC markets in broking and information services through:

New products:
> adding hybrid volume matching capability in UK gilts;
> enhancing electronic capabilities in US high yield bonds;
> increased electronic capabilities in US Corporate bonds;
> adding new pricing data sets in LNG (liquid natural gas), including JKM (Japan, Korea Marker), PVB (Spain) and DKI (Dubai Kuwait, India);
> introduce a Foreign Exchange Currency Option ('FXO') Request for Quote ('RFQ') solution which captures hybrid and pure electronic liquidity and provides real time option pricing, analytics and dynamic historic data; and
> expanding the African products we transact in to include non-deliverable forwards ('NDFs') and sovereign bonds, and Foreign Exchange Currency ('FX') for Mauritius, Zambia and Botswana.

New trading types:
> preparing for the launch of 11 venues, six OTFs and five MTFs, to be ready for the go-live date for MiFID II;
> acquiring a specialist listed futures and options broker, COEX, adding more than 50 brokers in London, Paris and New York, that serves a diverse client base; and
> redesigning our client onboarding process for our Institutional Services division by providing a single point of contact from inception to conclusion and then subsequent client relationship management.

New initiatives:
> launching 'Big Push' days in our post trade risk mitigation service, TP Match, resulting in record nominal value of transactions processed in individual runs and significantly enhanced overall volumes; and
> building our brand awareness through the sponsorship of the cycling event, L'Etape.

What we are going to do

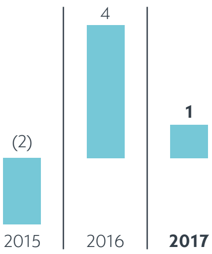
In the coming year, we will continue to develop and enhance our venues, add to our brokerage footprint, expand and improve the tools that we provide our brokers, and enhance our corporate services and clients through:

> integrating the corporate services 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 their needs and to collaborate in technology-based strategies for their needs;
> ensuring the robustness of our venues and continuing to provide an environment where our clients can transact with confidence;
> enhancing our electronic platforms to provide easier client workflow, greater convenience and ease of use;
> capturing a greater proportion of the data produced on our venues and converting that into products that meet our clients' requirements;
> 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; and
> establishing our Belfast Support Services Centre for an array of support functions.

Key performance indicators
Strong performance against our strategy.

Financial

Revenue growth (at constant exchange rates)[2]
(%)



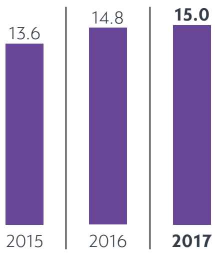
KPI definition
Revenue growth is defined as growth in total revenues excluding the impact of foreign exchange (at constant exchange rates). See page 20 for a reconciliation to statutory revenue. The 2017 revenue growth compares to 2016 pro forma.

Link to our strategy
1 2 3 4 5 6 7 10

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.

2017 market conditions were characterised by a lack of volatility. Revenue growth of 1% in these market conditions are a testament to the diversified nature of our global portfolio.

Underlying operating profit margin[2]
(%)



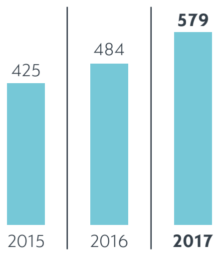
KPI definition
Underlying operating profit margin is calculated by dividing underlying operating profit by revenue for the period. A reconciliation to the statutory operating profit margin is shown on page 28.

Link to our strategy
1 2 3 4 5 6 7 8

Comment
Underlying operating profit 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 2017 has benefited from an improvement in the contribution margin of our front office.

Average revenue per broker[2]
(£000)



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

Link to our strategy
1 2 3 5 6

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.

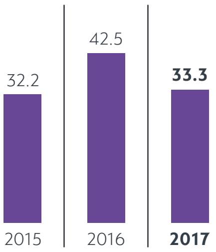
Average revenue per broker in 2017 benefited from increased trading activity, as well as a reduction in the number of brokers through our cost improvement programme.

Statutory[1] Underlying[1]

1 See pages 28 and 29 for reconciliations of statutory and underlying and the basis of preparation for 2016 pro forma. See page 1 for the definition of statutory, underlying and pro forma.
2 2015 and 2016 represent Tullett Prebon only.

Non-financial

Underlying earnings per share ('EPS')[2]
(p)



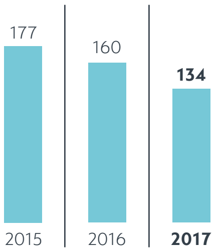
KPI definition
Underlying earnings per share is calculated by dividing the underlying profit after tax by the basic weighted average number of shares in issue. A reconciliation to statutory EPS is shown on page 28.

Link to our strategy
1 2 3 4 5 6 7 8 9 10

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 reduction in underlying EPS in 2017 reflects the issue of shares to acquire ICAP at the end of 2016.

Ratio of front office to support function employees[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.

Link to our strategy
5 7 8 9

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

The ratio of front office employees to support function employees declined in 2017 reflecting the increased number of support staff associated with the ICAP acquisition. Management expect the ratio to increase as the integration progresses.

Key to our strategy

1 Hire brokers
2 Energy & Commodities
3 Broader client base
4 Data & Analytics
5 Investing in technology
6 Client relationship management
7 Acquisitions
8 Investment framework
9 HR
10 Brand

Chairman's statement

Rupert Robson
Chairman

Dear shareholder,

We started the year as TP ICAP plc and our task was clear: to progress the integration of the Tullett Prebon and ICAP businesses and to maintain our focus on enhancing the services we offer to our clients. I am pleased to report that, on both targets, we have succeeded.

Trading and dividend
Reported revenue of £1,757m in 2017 was 4% higher than in 2016 on a pro forma basis (1% higher at constant exchange rates) with underlying operating profit increasing by 10% to £263m[1] compared to pro forma 2016. On a statutory basis operating profit decreased by 44% on a pro forma basis to £102m reflecting the costs to achieve synergies arising from the integration. Our underlying performance reflected improving levels of activity in our rates business, as the long period of near-zero interest rates appears to be coming to an end, and a strong performance in our oil businesses.

Our Information and Risk Management Services businesses showed pleasing growth, and we continued to build capabilities and revenues in our most recently formed division, Institutional Services.

The underlying operating profit margin in 2017 of 15.0% was 0.8 percentage points higher than in 2016 on a pro forma basis. The statutory operating profit margin in 2017 of 5.8% was 4.9% lower than in 2016 on a pro forma basis. Basic earnings per share was 15.8 pence and underlying earnings per share for 2017 of 33.3 pence was 0.7 pence lower than 2016 on a pro forma basis.

The Board declared an interim dividend of 5.6 pence per share paid on 10 November 2017 and is recommending a final dividend of 11.25 pence per share to be paid on 17 May 2018 (with a record date of 6 April 2018).

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

I said in the Annual Report for 2016 that we were seeking to expand the Board. In the last six months, we have appointed Edmund Ng and Michael Heaney to the Board as Independent Non-executive Directors. Edmund brings many years of experience of the Asian financial markets having worked in the asset management and investment bank sectors in Hong Kong. He also held a senior position at the Hong Kong Monetary Authority. Michael brings expertise of the US markets, having held senior positions at Morgan Stanley in New York. He is also Chairman of the Fixed Income Market Structure Advisory Committee at the U.S. Securities and Exchange Commission.

"We will invest to ensure we can thrive in a changing regulatory and political environment."

"Our task was clear: to progress the integration and to maintain our focus on enhancing the services we offer to our clients."

The Board has a wide range of relevant expertise, perspectives and insights. It has also recently achieved greater diversity. All this will prove invaluable given the greater complexity of our Group following the acquisition and the fast pace of change in the sector in which we operate. It will also be important as we look to take advantage of the wider opportunities available to TP ICAP. This latter task will rise up the Board's agenda as the integration process reaches its conclusion.

During 2017, we held our June board meeting in New York and our September meeting in Singapore. We used those occasions to spend a number of days meeting our employees at many levels in those regions. This has enhanced the Board's understanding of the TP ICAP business and I hope has also increased the visibility and accessibility of the Non-executive Directors. It has enabled us to gain greater insight into the behaviour, beliefs and values that underpin our organisation and how we should shape and embed our culture. I have addressed this matter in more detail on page 49.

We continued to engage with our shareholders during 2017. The Board stays abreast of the development of shareholder views on governance, remuneration, and other key issues.

During 2018 we will examine how the Group engages with the many other stakeholders who are part of the TP ICAP network and how we ensure we understand their perspectives in the decisions we take.

Outlook

Throughout 2018 we will continue to focus on achieving the synergies of the combination of Tullett Prebon and ICAP, and the optimisation and transformation of our business model.

We will invest to ensure we can thrive in a changing regulatory and political environment, and look for other opportunities to deliver our objectives to build revenue and raise the quality and quantity of earnings.

Rupert Robson
Chairman
13 March 2018

1 Underlying operating profit excludes £161m of acquisition, disposal and integration costs and exceptional items. A reconciliation of underlying operating profit to statutory is given on pages 28 and 29.

Chief Executive's review

John Phizackerley
Chief Executive

Dear shareholder,

On 31 December 2016, Tullett Prebon acquired the Global Broking and Information Business of ICAP plc, creating TP ICAP, the world's largest interdealer broker. As a result, 2017 was a year of significant change, growth and achievement for our new firm and our employees.

TP ICAP has a unique position at the heart of the world's financial and energy markets, providing liquidity and data to a broad and diverse array of market participants including banks, asset managers, hedge funds and energy and commodities firms.

Financial performance

During 2017, we have seen the benefit of the diversity of our product portfolio and geographic footprint and this has enabled us to deliver a resilient performance in a low interest rate, low volatility environment.

Underlying operating profit was £263m, 10% higher than the pro forma for 2016 of £240m and underlying operating profit margin of 15.0% is 0.8 percentage points higher than in 2016 pro forma. Underlying earnings and earnings per share were £184m and 33.3 pence per share compared to £188m and 34.0 pence per share pro forma for 2016.

Reflecting costs of the integration, statutory operating profit was £102m, 44% lower than the pro forma for 2016 of £181m and statutory operating profit margin of 5.8% is 4.9 percentage points lower than in 2016 pro forma. Statutory earnings and earnings per share were £87m and 15.8 pence per share compared to £128m and 23.2 pence per share pro forma for 2016.

Integration progress

A key driver behind the transaction that created TP ICAP was the identification of synergies inherent in its combination. At the time of announcement of the transaction we estimated this to be £60m per year with the full run-rate to be achieved over three years.

This has subsequently increased to a stretch target of £100m per year to be reached by 2020. The majority of these savings come from support and infrastructure areas. Launching the integration was our top priority in 2017 and by the end of that first year we achieved annualised run-rate savings of £52m per year.

We started the integration by appointing a unified senior management team made up of the best people from the two firms.

"TP ICAP ended 2017 a larger, stronger and more confident business. Our Group is more diverse in product offering and client reach than ever before."

To read our Financial and operating review see **p18–35**

Single leaders for divisional, functional and corporate support areas were key to providing early clarity and direction to the organisation. At the same time, we moved quickly to constitute our governance structures, committees, policies and procedures. We have created single support functions in Finance, Legal, Risk, Compliance and HR, successfully co-located support staff and removed duplication. We have migrated our finance systems on to a single general ledger platform, rationalised our internal approvals processes, brought in globally aligned "Know Your Customer" and anti money laundering policies, and consolidated our swap execution facilities ('SEFs') from three to two. We have also embarked on the process of reducing the large number of redundant legal entities in the new combined corporate structure.

In 2018, we are moving to phase 2 of the integration programme which will take us increasingly from integration to transformation. Not only do we aim to combine the infrastructure platforms of the two businesses but we seek to optimise and transform our operations to create a more efficient and scalable corporate function infrastructure. We will increase our capabilities and headcount in our Support Services Centre in Belfast as part of this programme. We also plan to extract efficiencies from procurement and from our non-compensation expense base.

In mid-2018, we will move in to our new US Headquarters in Lower Manhattan where all our New York brokers will be located under one roof. In addition, our combined UK-based Energy & Commodities team will be housed in a single location in London's West End. There are other office moves planned including a new London office in early 2019.

Business development

Our business lines are organised into four global divisions (Global Broking, Energy & Commodities, Data & Analytics and Institutional Services) and they all have inherent growth opportunities in 2018.

Global Broking is the largest contributor to revenues and profits in the Group. Our focus is very much on increasing productivity through a range of initiatives including adopting and leveraging technology, selective new hires, active management of underperformers and a few selective desk mergers to leverage stronger relationships and liquidity pools where appropriate.

We provide our customers with efficient and effective ways of trading via multiple protocols, such as Central Limit Order Books ('CLOB'), Volume Matching, Crossing Solutions and Request For Quote ('RFQ').

The Electronic Markets team is an integral part of the Global Broking division and is responsible for improving hybrid platform functionality, developing pure-electronic services, and enhancing our clients' workflows. In 2017, our electronic Volume Matching platforms were functionally enriched and deployed into new products globally, resulting in record traded volumes and revenues were up 30% year-on-year. We launched an RFQ platform for FX Options, delivering a hybrid workflow with effective price discovery and the ability to disseminate liquidity to the market through an Applications Programme Interface ('API').

Our brokers remain vital to our clients and key to our success and we focus on retaining star performers. While average broker pay-outs as a percentage of commissions declined again in 2017, actual revenue and contribution per broker rose.

TP ICAP is the world's largest Energy & Commodities broker with offices in 20 locations globally and coverage of a very broad set of products across three brands – Tullett Prebon, ICAP and PVM. It also has our most diverse customer base, with nearly 90% of its revenue coming from non-banking clients, such as commodity producers and consumers, refiners, energy companies, utilities, hedge funds, asset managers and trading companies.

Chief Executive's review
continued

Average revenue per broker is the highest in this division. In January 2018, we acquired SCS Brokers, a US-based oil and softs brokerage company. We are consolidating seven back office deal management systems into one global platform. As in other parts of our business, we invest in technology, taking opportunities to deploy innovative solutions to give our clients the best service.

In 2017, the Coalition survey of major bank revenues noted that commodities revenues have reached their lowest levels since 2006 because of ongoing weakness in energy products, lower volatility, reduced client activity and trading underperformance.

Despite this difficult environment, we retained our leading position. With our diversified portfolio of businesses we are well-placed to take advantage of any increased market activity.

We plan to continue to grow our presence through recruiting more brokers. At the same time, we will continue to make the business more efficient and continue to invest in our platforms.

We are enthusiastic about the prospects for our Data & Analytics business because it stands to benefit from rising demand for independent pricing products. We already represent the broadest global coverage in proprietary neutral OTC data, generated by our execution divisions, and we see the opportunity to add value through enhancing this existing dataset.

We also have the potential to reach a wider customer base through the use of new technologies. In 2017 we continued to innovate, rolling out new services and products across a wide spectrum of asset classes. We added a pricing product in Government bond strips for GBP and EUR. We have added pricing products for the liquid natural gas markets.

The implementation of MiFID II is also increasing demand for unbiased OTC pricing data. We are investing in our data sales capability and how we make those sales.

We are also looking at increasing the range and pace of new product development and we are exploring the possibility of collaborating on creating OTC indices products underpinned by our data feeds.

During 2017, the Institutional Services division added agency FX, FX options, listed futures and options, and rates to its range of flow products. The division is also working closely with clients to develop and provide structured product solutions, such as asset backed loans, property derivatives, and secondary trading of hedge fund, private equity and real estate investments. We see great potential to grow our breadth of activities in this division and our acquisition of COEX Partners in November is an important part of this strategy. The company provides execution services in listed futures and options and FX, and brings more than 50 client facing employees with strong customer relationships. COEX has recently expanded its product range to include equity derivatives in the US.

This year, our focus will be on adding more breadth and depth to our footprint in EMEA, expanding in the US, and evaluating potential bolt on acquisitions.

People

We invested in and engaged with all our employees in 2017. Retaining, recruiting and cultivating a diverse and talented workforce remains a key objective for the Group. We continued our multi-year recruitment campaign to bring in the next cohort of brokers. In June 2017, we conducted our first engagement survey as TP ICAP, achieving a 70% response. Understanding employee sentiment across a broad array of issues has allowed us to prioritise actions and shape our culture positively.

Change has been a consistent theme throughout the year, and supporting our employees by providing formal training has helped equip them with the skills to achieve our integration objectives. As we continue to implement specific integration targets such as right-sizing the Group, we have endeavoured to be open and fair.

We have created an employee representation forum in London called 'involve' and have mechanisms in place to consult and communicate with our staff. By the end of 2017, we achieved alignment across our main centres for key health benefits (medical, life assurance and income protection) reinforcing the importance of equitable treatment and emphasising the importance we attach to wellbeing at TP ICAP.

Conduct and culture

We take every opportunity to emphasise the importance of conduct and culture at all levels of the Group. With regular communication we promote our agenda using events such as formal Town Halls, informal listening sessions and regular team meetings.

At the end of 2017 all TP ICAP employees were required to watch a bespoke video called 'Respect@Work' which clearly set out the Company's expectation for how people should interact and treat one another and what they should do if they see anything contrary to this in the workplace. Training employees on our standards and compliance with our policies is ongoing.

In 2017, we published a new 'Culture and Conduct Monitor'. This will assess specific elements of our culture and we will issue it twice a year.

Finally, we continue to embed strong discipline in performance management through our annual year-end appraisal process for corporate support staff, and for our brokers we have instigated 'Performance, Conduct and Bonus' forms which assess non-financial factors tied to our core values of Honesty, Integrity, Respect and Excellence.

Case study

Breaking the mould in recruitment

Link to our strategy

1 9 10

At TP ICAP we are not afraid to do things differently.

We have moved away from standard City hiring methods to help find the next generation of talent by investing in an Early Careers Programme ('ECP'), open to candidates from all backgrounds.

The ECP applicants undergo two stages of screening and profiling before we select a final group to take part in a Recruitment and Assessment Academy Day. Here, hopefuls take part in a series of skill-based tasks, a final interview and Q&A panel.

This selection methodology is blind to gender, ethnicity and academic background and is based purely on the key attributes of an individual and the needs of the business.

In 2017, we held Academy Days in London and New York, receiving over 2,000 applications globally and hiring 36 trainee brokers. The hires have a broad range of skills and backgrounds – including school leavers, graduates and ex-military.

The ECP is part of our commitment to inclusive hiring, and we look forward to welcoming more new joiners in 2018.

To read more, visit our website.

Chief Executive's review
continued

Corporate responsibility
We know society has increasingly high expectations of us. We also know that our employees, and the next generation, care deeply about the sort of company they want to work for.

Inter-dealer broking has always been an area where talented individuals can flourish, and it is our responsibility to ensure we cast the net far and wide when looking for, and developing, new talent. We call this 'A Voice for All'.

Our emphasis on corporate social responsibility and good corporate citizenship means we look for opportunities to help our communities and inform those who want to participate. For example, employees are given two days paid volunteering leave a year, and we make funds available to support their personal charitable fund-raising efforts. ICAP has a strong record in charitable support, and on 5 December, held the 25th annual ICAP Charity Day. This long-established and well-loved tradition sees us come together across the globe to raise money for good causes, while also having a great deal of fun. As usual, the team participation was outstanding. This year we welcomed a host of celebrities and our guest of honour, the Duchess of Cornwall, to our offices in London, and events were held in locations around the globe. We raised more than £4.7m for this year's chosen charities, bringing the grand total we have raised over the last 25 years to nearly £140m.

MiFID II
The Markets in Financial Instruments Directive II ('MiFID II') is a European Union law that provides harmonised regulation across the Member States with the aim of increasing competition and protection in investment services. Preparing for MiFID II, which came in to force on 3 January 2018, was a major workstream for TP ICAP during 2017 and the culmination of several years of investment and effort in many corporate areas.

MiFID II has a broad impact on many facets of the functioning of European markets, including the trading in OTC products. The directive requires the trading of some OTC financial instruments to take place on a multilateral trading facility ('MTF') or an organised trading facility ('OTF') – the latter is a new type of venue that covers hybrid broking activity. These venues resemble in many ways traditional exchanges. We received regulatory approval for all 11 of our venues in 2017.

TP ICAP is a leading liquidity and market data provider in many major OTC asset classes. MifID II requires market participants to pursue best execution. We are confident that our venues will become the go-to hubs for the best liquidity, keenest pricing and the required data and analytics, assisting in this best execution obligation. The cost and sophistication to provide institutions with this value-chain requires significant resources. We believe that liquidity will gravitate towards the market players who can handle this complexity and make this level of investment. As a result, we are confident that MiFID II strengthens our value-proposition as a market infrastructure player and venue operator.

Brexit
Our work to prepare for Brexit has been hampered by political uncertainty which persists into 2018. As a result, we have now moved from analysis and planning, to decisions and action without a full understanding of the final outcome of the negotiations between the UK Government and the EU. We already have an extensive Continental European footprint including branches and subsidiaries, premises and front office and support staff that service EU clients from Frankfurt, Paris, Amsterdam and Madrid. We are now in talks with a number of European financial regulators to establish what we and they require should TP ICAP base its post-Brexit European hub in one of their locations. During the coming year, we will need to do what is necessary to ensure we can provide uninterrupted service to our clients after Brexit and seek to avoid any consequential reductions in trading volumes.

Awards
We were pleased to win a number of industry awards during 2017, including Global Capital Overall Broker and Overall Interest Rates Broker of the Year, Credit Derivatives Interdealer Broker of the Year, and Data and Analytics Vendor of the Year. These awards are an endorsement of the strength of our offering, and testament to our commitment to excellent client service.

Looking ahead
TP ICAP ended 2017 a larger and stronger business. Our Group is more diverse in product offering and client reach than ever before and this positions us well to manage the cyclical and divergent nature of the markets and sectors we serve. I firmly believe that we will continue to play a central role providing liquidity at the heart of the global financial and energy markets enabling them to trade effectively and transparently.

Looking forward, political and economic factors are likely to continue to affect asset prices and volatility during 2018. This will present numerous opportunities. With a clear strategy and sustained focus on operational excellence, I am confident TP ICAP will continue to be resilient and successful.

We are a truly international and culturally diverse business, employing people to provide first-rate services and expertise to our clients. I would like to thank everyone at TP ICAP for their hard work in 2017, and hope they will take pride in the business they helped create, and in the future success we intend to enjoy.

John Phizackerley
Chief Executive
13 March 2018

Case study

tpMATCH – a record breaking performance

Link to our strategy

3 5 6

To read more, visit our website.

TP ICAP's clients enjoy access to a broad range of electronic, pure voice and hybrid solutions operated by our global business brands.

Tullett Prebon's tpMATCH, which helps clients reduce future floating rate exposure in interest rate portfolios by using algorithms that calculate risk accurately, is one of those available.

In June, the multilateral electronic trade matching system executed the largest ever bulk risk mitigation, in notional terms, by any provider since the beginning of the trade detail reporting regime. The run saw more than $2 trillion of USD forward rate agreements ('FRAs') executed simultaneously between almost 100 clients.

Operating across several different asset classes and currencies, our team of tpMATCH product experts construct accurate mid-market curves at that moment in time, while their Global Sales colleagues contact clients and solicit portfolios of the asset class or currency they would like to offset.

This landmark dollar FRA run was a perfect example of how our client relationships combine with TP ICAP technology to provide solutions that enhance the liquidity of the marketplace.

Financial and operating review

Robin Stewart
Interim Chief Financial Officer

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.

2017 represented a mixed year for market activity in OTC financial markets marked by ongoing low levels of volatility. These cyclical factors still affect the interdealer broker industry as well as the presence of structural factors, such as bank regulation, that have had a significant impact on the industry since the financial crisis. Volatility, and the steepness and absolute level of yield curves, are key drivers of activity in the financial markets. Measures of financial market volatility fell compared with 2016, which was affected by the Brexit vote and the US presidential elections. Despite low levels of volatility there were still sporadic increases in trading volumes in many product areas. The diversified nature of our business meant that there was growth in at least one of our products at any one time.

2017 marked a gradual shift in the interest rate cycle with the US in particular seeing three interest rate rises during the year in March, June and December. The UK also increased interest rates and the ECB announced plans to scale back quantitative easing. When rates did rise, we saw increased activity in our business particularly in our Rates and FX & Money and Markets businesses. Generally a change in the shape of the yield curve is positive for the business but it is perhaps too early to tell whether these interest rate rises will be sustained.

In 2017, the Group benefited from the strategic decision to target 'buy-side' customers through the creation of the Institutional Services division. The business experienced strong revenue growth principally due to the authorised representative arrangement with COEX partners for the first 11 months of the year and the subsequent acquisition of the business in November. We believe that we are well positioned to grow this business further in the future.

The Data & Analytics business also performed strongly and remains a strategic priority. This business built on the progress of last year and benefited from the continued expansion of its client base, geographical presence and the enhancement of its sales capability. During the year the business extended the data content it provides to customers, particularly from its expanded high quality Energy & Commodities data sets.

"Total revenue of £1,757m was 4% higher than in 2016 on a pro forma basis."

Financial and performance measures

	2017	2016			
		Pro forma		Reported	
£m	**TP ICAP**	**TP ICAP**	**Change**	**TP plc only**	**Change**
Global Broking revenue (£m)	**1,270**	1,222	+4%	581	+119%
Energy & Commodities revenue (£m)	**343**	347	–1%	244	+41%
Institutional Services revenue (£m)	**32**	17	+88%	17	+88%
Data & Analytics revenue (£m)	**112**	101	+11%	50	+124%
Total revenue (£m)	**1,757**	1,687	+4%	892	+97%
Underlying operating profit (£m)	**263**	240	+10%	132	+99%
Underlying operating profit margin	**15.0%**	14.2%	0.8%	14.8%	0.2%
Statutory operating profit (£m)	**102**	181	–44%	73	+40%
Statutory operating profit margin	**5.8%**	10.7%	–4.9%	8.2%	–2.4%
Average broker headcount	**2,842**	3,018	–6%	1,702	+67%
Average revenue per broker (£000)	**579**	526	+10%	484	+20%
Average contribution per broker (£000)	**287**	258	+11%	227	+26%
Broker compensation costs: broking revenue	**50.5%**	51.0%	–0.5%	53.2%	–2.7%
Period end broker headcount	**2,715**	2,981	–9%	1,672	+62%
Period end broking support headcount (excluding integration)	**1,792**	2,083	–14%	849	+111%

Total revenue of £1,757m in 2017 was 4% higher than in 2016 as reported on a pro forma basis (1% higher at constant exchange rates).

Operating margin and cost management

As we noted in our interim results in July, the Group has continued to invest in developing its operational capabilities, its control and support functions and on strategic initiatives. In particular there has been an increase in costs during the year driven by our need to comply with various regulatory demands such as MiFID II. Costs relating to MiFID II of £14m (£7m of which were capitalised) were necessary and as a result we were MiFID II compliant at its launch in January 2018. While this cost was one-off in nature the burden of regulatory requirements is unlikely to abate in 2018 and we expect to incur costs in relation to making the Group ready for the impact of Brexit.

During 2017 there was further investment in value enhancing strategic initiatives with increased investment on the development of our Belfast Support Services Centre, our early talent programme and building out the management of our Institutional Services division. Costs associated with these initiatives are expected to generate increased earnings for the Group over the short to medium term. Other costs incurred in the year include £9m of legal costs, an increase of £4m on the prior year reflecting expenditure incurred defending investigations.

During the year the Group implemented a cost improvement programme. The objective of the programme was to both preserve the variable nature of broking compensation and thus reduce it as a percentage of broking revenue, as well as exiting non-performing brokers and closing loss making offices in Luxembourg and Poland. This ensures the business is well positioned to respond to less favourable market conditions and to maintain its operating margins. The £32m cost of the actions taken in 2017 has been charged as an exceptional item in the 2017 Consolidated Financial Statements (see page 102).

Underlying operating profit increased by 10% on a pro forma basis to £263m. The underlying operating profit margin in 2017 of 15.0% is 0.8 percentage points higher than in 2016 on a pro forma basis, reflecting the benefits of the cost improvement programme. Underlying earnings per share for 2017 of 33.3 pence are 9.2 pence lower than for 2016 as reported, and 0.7 pence lower on a pro forma basis.

Financial and operating review
continued

Statutory operating profit of £102m was 44% lower than in 2016 on a pro forma basis, and statutory operating margin of 5.8% is 4.9 percentage points lower than 2016 on a pro forma basis. Statutory operating profit is after acquisition, disposal and integration costs and exceptional items, and is described further on page 30. Statutory earnings per share for 2017 of 15.8 pence are 2.0 pence lower than for 2016 as reported and 7.4 pence lower on a pro forma basis.

Period end broker headcount decreased by 9% to 2,715 at December 2017 from 2,981 in December 2016. Average broker headcount during 2017 was 6% lower than during 2016 on a pro forma basis, and with a 10% increase in average revenue per broker, the resulting broking revenue was 1% higher than in 2016 (at constant exchange rates).

The period-end broking support headcount of 1,789 was 14% lower than at the end of 2016, primarily reflecting the impact of headcount reductions as part of the actions taken to achieve synergy savings.

The tables below analyse revenue by business division as well as revenue and underlying operating profit by region for 2017 compared with the equivalent period in 2016.

Comparative data is shown on both a pro forma basis and as reported. The performance of the business has primarily been compared with the pro forma comparative as opposed to the Tullett Prebon ('TP') standalone statutory reported comparative, as this is more relevant for the users of the Annual Report.

Revenue

Revenue by business division

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 2016 translated at the same exchange rates as those used for 2017, with growth rates calculated on the same basis. The revenue figures as reported for 2017 are shown in Note 4 to the Consolidated Financial Statements. The commentary below reflects the presentation in the tables.

Revenue by business division

	2017	2016				
£m		Pro forma Constant	Change	Reported TP ICAP Pro forma	Change	Reported (TP plc only)
Rates	**528**	524	+1%	507	+4%	215
Credit	**117**	124	–6%	118	–1%	78
FX & Money Markets	**218**	215	+1%	208	+5%	137
Emerging Markets	**225**	226	–0%	217	+4%	94
Equities	**182**	178	+2%	172	+6%	57
Global Broking	**1,270**	1,267	+0%	1,222	+4%	581
Energy & Commodities	**343**	359	–4%	347	–1%	244
Institutional Services	**32**	16	+100%	17	+88%	17
Data & Analytics	**112**	104	+8%	101	+11%	50
	1,757	1,746	+1%	1,687	+4%	892
Exchange translation	**–**	(59)	–	–	–	–
Statutory	**1,757**	1,687	+4%	1,687	+4%	892

Case study

TP ICAP operates MiFID II compliant trading venues

Link to our strategy

4 5 8

Heading into 2018, TP ICAP faced one of the biggest regulatory changes our industry has seen in many years, with the introduction of MiFID II on 3 January. It was a significant undertaking for us, our customers and the wider industry, and we had to be ready for the deadline. This compulsory agenda had to take priority over our IT integration plans for both Tullett Prebon and ICAP.

Our dedicated MiFID II team, made up of almost 200 experts in areas such as regulation, IT and infrastructure, worked tirelessly throughout 2017, implementing hundreds of updates to our systems and processes to ensure we were ready.

Today, TP ICAP operates 11 MiFID II compliant trading venues, with a total of six OTFs and five MTFs across the Group, making TP ICAP more exchange-like in nature. MiFID II consolidates our role in the global marketplace and increasing pre- and post-trade transparency.

Our global reach allows us to connect MiFID II and non-MiFID II liquidity pools and clients. And, importantly for us, there is now more trade data available for TP ICAP Data & Analytics to use and commercialise.

To read more, visit our website.

www.tpicap.com

Financial and operating review
continued

Total revenue of £1,757m in 2017 was 1% higher than pro forma 2016 at constant exchange rates, and 4% higher at actual exchange rates.

Global Broking revenue was in line with the prior year at constant exchange rates. The business benefited from volatility around the UK election, an increase in the US Federal Funds interest rate and a gradual shift in the inflationary stance of the ECB and Bank of England, which provided opportunities, particularly in the rates business which saw growth of 1% compared with pro forma 2016. Rates has also benefited from the increased performance of the Risk Management Services business.

Credit markets continued to see challenging market conditions in 2017 with low volatility and restrictions on clients' balance sheets resulting in lower trading volumes throughout the year. As a result of these conditions revenue fell by 6% on a pro forma basis to £117m. The Emerging Markets division covers a wide variety of products that are traded in emerging markets such as Latin America, Central and Eastern Europe and Africa. Overall revenues were slightly lower than last year when the business benefited from the volatility created around the US elections.

Compared with pro forma 2016 and at constant exchange rates, the FX & Money Markets and Equities businesses have seen growth in revenue of 1% and 2% respectively. FX & Money Markets have benefited from the uncertainty created around the Brexit negotiations with Forward FX in Sterling and Euro performing well. In Equities, the business performed strongly in Structured Products and Index Delta One desks, which helped increase revenues during the year.

Energy & Commodities revenue was 5% lower than the pro forma 2016 at constant exchange rates. The decline reflects challenging market conditions where subsidised green energy has flattened power curves and a lack of clarity in environmental markets has resulted in lower volumes, which has also been seen in the commodities business. Q4 was a particularly tough quarter with low volatility across all asset classes. The decline in the Energy & Commodities business has been offset by the continued growth in the oil business where revenues were up 5% on the pro forma comparative.

Institutional Services revenue has seen a significant increase in revenue in the year due to the inclusion of the COEX business. Up until the end of November this year, when the acquisition of COEX was completed, the revenue was included in Institutional Services as part of an Appointed Representative Agreement.

Data & Analytics revenue was 8% higher than pro forma 2016 at constant exchange rates as the business continues to see growth in demand for its expanded high quality Energy & Commodities data sets including oil data from the PVM brokerage.

There has also been a growing trend towards buy-side asset owners and managers sourcing independent financial data. This trend continues and combined with regulatory reform, offers significant revenue growth opportunities for the Data & Analytics businesses to provide pricing and reference data.

Revenue by region

	FY 2017	FY 2016				
£m		Pro forma Constant	Change	Reported TP ICAP Pro forma	Change	Reported (TP plc only)
EMEA	**877**	857	+2%	842	+4%	481
Americas	**628**	642	–2%	611	+3%	280
Asia Pacific	**252**	247	+2%	234	+8%	131
	1,757	1,746	+1%	1,687	+4%	892
Exchange translation	**–**	(59)	–	–		
Statutory	**1,757**	1,687	+4%	1,687	+4%	892

Case study

Leading the way in Global Broking

Link to our strategy

3 5 6 8

TP ICAP's Global Broking businesses were at the forefront of innovation last year, breaking boundaries in international markets.

In March 2017, ICAP again proved to be a market leader by executing the first IDB transacted Icelandic interest rate swap since the Icelandic banking crisis. The transaction, with a notional of ISK500m (£3.5m) and with a four year maturity, proved that the country's banks could once again begin to hedge exposure in the financial markets as the Iceland Central Bank began to lift their market restrictions.

Another ground breaking transaction that showed us expanding into new markets, saw brokers on Tullett Prebon's Emerging Markets Forward FX desk execute their first ever XAF (Central African Franc) spot trade between two London banks in September. The Central Africa Franc is the currency of six independent states. With a small proportion of our Global Broking revenues now coming from pure voice broking, our Electronic Markets team also continues to grow from strength-to-strength.

In 2017, electronic Volume Matching platforms were functionally enriched and deployed into new products globally including Credit, Gilts and US Treasury Inflation Protected Securities ('TIPS'), resulting in record traded volumes. An RFQ platform for FX Options was also launched, delivering a hybrid workflow, with effective price discovery and the ability to disseminate liquidity to the market through an API.

To read more, visit our website.

www.tpicap.com

Financial and operating review
continued

Revenue by region

Comparisons to 2016 are on a pro forma constant currency basis.

EMEA

Revenue in EMEA (Europe, Middle East and Africa) was 2% higher than the prior year on a pro forma constant currency basis. Within Global Broking all products, with the exception of Credit, grew revenues year on year particularly in FX & Money Markets reflecting the performance of the forward FX desk. The Rates division increased revenues by 1% year on year driven by the strong ICAP franchise and good performance from TP particularly within Gilt IDB, Repo and government bond desks during the year.

For Equities, 2017 was a strong year for the structured products business of the ICAP brand, with revenue across desks increasing by 47% year on year. Emerging Markets benefited from volatility across a number of local markets, with the central medium term interest rate swaps ICAP desk increasing revenues 87% year on year and the PLN and CZK desks also performing well. Credit products struggled generally across both Tullett Prebon ('TP') and ICAP brands in the year, with corporate bond performance challenging, particularly in Paris and Frankfurt.

Revenue from Energy & Commodities decreased by 4% in the region year on year, with the TP and PVM brands flat overall, but the ICAP brand revenue declining by 23% compared with the prior year, although this business represents less than one fifth of the total Energy & Commodities revenue in the region. The steep decline in revenues reflects the product splits of the various brands with the ICAP brand heavily weighted towards power and commodities markets which have been under considerable pressure. Overall revenues from the TP and PVM oil desks increased by 6% year on year offsetting the more challenging power and commodity markets.

The Institutional Services division within the region has seen a period of growth and transition in a number of different areas, but also some challenges. There has been significant headcount change in the Mirexa business during the year, resulting in an 11% decline in revenue year on year. 2017 saw a full year of the revenues from the COEX business (against only six months in 2016), mainly from their exchange traded derivatives business but also from their own FX business. Overall revenues have materially increased by 143% year on year. Following the acquisition of COEX at the end of November, the full COEX results are now reported as part of the TP ICAP Group results so that one month of COEX's 2017 result is included in the income statement.

Average broker headcount in the region was 7% lower than last year, with average revenue per broker up 9%, primarily as a result of the cost improvement programme. Period-end broker headcount was 1,189.

Americas

Americas revenue was 2% lower in 2017 than on a pro forma constant currency basis. The Americas have reduced underperforming broker headcount since 2016, increasing revenue per broker by 3%, further positioning the business to take advantage of growth opportunities within both the TP and ICAP brands.

Within our Global Broking business, general market conditions continued to be subdued during 2017. Financial markets saw a slight increase in activity early on in 2017 with interest rate movements, but activity in the second half remained constricted, especially relative to the market activity that had built up in anticipation of the 2016 Brexit vote and U.S. Presidential election.

Rates revenue was down 1% with strategic hires and brief periods of volatility in interest rate derivatives offsetting subdued volumes and lack of issuance in the government bond market. Our Rates business continues to be the region's largest asset class.

Despite historically low levels of volatility in the U.S. Equities markets in 2017 (VIX nearing historic lows at points during the year), Equities revenue was down only 2% on the back of expansion into new product areas. Within Credit, the region benefited from TP's addition of 14 credit derivative brokers in September 2016 largely offsetting restricted volumes in corporate credit and mortgages. Credit and Equities remain opportunities for growth in the Americas given the large number of U.S. market participants as well as strategic fits within the competing TP and ICAP brands.

Both Local Markets and FX & Money Markets businesses saw lower revenues in 2017 due to increased regulatory constraints in cash and deposits markets and recent desk closures and restructurings. These conditions offset improved performance in select offshore emerging markets areas.

Energy & Commodities business also saw lower revenue in 2017. Increased revenue in financial oil products (a business we continue to expand) were offset by poor year-on-year comparables in U.S. power and natural gas due to the heightened activity in 2016 in anticipation of energy policy change surrounding the U.S. Presidential election. The recent acquisition of SCS Commodities in January 2018 will bolster the Americas' position in U.S. Oil markets. Energy & Commodities continues to be a targeted growth area across the TP, ICAP and PVM brands.

Average broker headcount in the Americas was 5% lower than in 2016, with average revenue per broker 10% higher. Period-end broker headcount in the Americas was 935.

Asia Pacific

Revenue in Asia Pacific was 2% higher than last year on a pro forma constant currency basis, reflecting increased revenue from the Global Broking division, which more than offset a fall in Energy & Commodities revenues.

Global Broking revenue in the region has seen growth in equity derivatives and rates products growing by 7% and 2% year on year respectively. The Equities business benefited from the strength of the ICAP branded business in Hong Kong and Japan, in both single stock products and in index products. The interest rate swaps desks in ICAP Australasia, TP Hong Kong and TP Singapore all increased revenue, benefiting from their respective market leading positions, which took advantage of an upward movement in actual and expected interest rates, growing revenue by 5%. This was tempered somewhat in the second half of the year by the disruptive effect of a competitor attack on the ICAP Australia business.

Energy & Commodities revenues benefited from continued growth in the oil related business under both the TP and PVM brands. However, this was offset by challenging market conditions in the commodities and power markets which were affected by falling market volumes due to slowing Chinese demand.

Average broker headcount in the region was 5% lower than in 2016 with average revenue per broker up 14%. Period-end broker headcount in Asia Pacific was 591.

Case study

Institutional Services, diversifying our client base

Link to our strategy

1 3 7 8

We believe we can develop our business brands through strategic acquisitions, and so serve an increasingly growing and varied client base.

TP ICAP's Institutional Services business provides a diverse range of high-value services, including pre-trade information and intelligence, intermediation and post-trade solutions. Our professionals devise trading ideas, analyse potential trades, gather information, locate scarce assets, formulate pricing, and execute trades efficiently.

In November, we were pleased to announce our acquisition of COEX Partners, a leading independent broker that provides trade advisory and execution services in listed derivatives and OTC foreign exchange.

Tullett Prebon and COEX had worked together since 2016, and the acquisition was a natural progression of that successful collaboration. Under TP ICAP's ownership, COEX will expand its presence by adding further product and execution expertise, and accelerate the provision of a broader range of products and services to its clients, which include institutional asset managers and hedge funds.

As part of the transaction, we welcomed 55 brokers to our Institutional Services division.

Over the past few months, we have strengthened the Institutional Services team with a number of senior hires from leading institutions, and will continue to develop this business in 2018.

To read more, visit our website.

www.tpicap.com

Financial and operating review
continued

Underlying operating profit

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

Underlying operating profit

	FY 2017	FY 2016			
£m		Pro forma	Change	Reported (TP plc only)	Change
EMEA	**170**	160	+6%	98	+74%
Americas	**64**	57	+12%	18	+256%
Asia Pacific	**29**	23	+26%	16	+81%
	263	240	+10%	132	+99%

Underlying operating profit margin by region

	FY 2017	FY 2016	
%		Pro forma	Reported (TP plc only)
EMEA	**19.4%**	19.0%	20.3%
Americas	**10.2%**	9.3%	6.4%
Asia Pacific	**11.5%**	9.8%	12.2%
	15.0%	14.2%	14.8%

EMEA

Underlying operating profit in EMEA of £170m was 6% higher than in the prior year on a pro forma basis, and with revenue up 4%, the underlying operating profit margin has increased by 0.4 percentage points, to 19.4% on a pro forma basis. The overall contribution and revenue per broker increased as the business benefited from actions taken under the cost improvement programme. The region also experienced a decrease in broker headcount due to the removal of underperforming brokers.

The benefit of improved contribution 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 of £64m is 12% higher than in 2016 on a pro forma basis and the underlying operating profit margin has improved by 0.9 percentage points to 10.2% compared to pro forma 2016. Actions taken to remove underperforming brokers has helped improve contribution. The operating profit margin has also benefited from synergy savings during the year.

Asia Pacific

Underlying operating profit in Asia Pacific has increased by 26% to £29m compared to 2016 on a pro forma basis. Overall revenue and contribution per broker increased during the year. In Global Broking a number of steps were taken to improve contribution, including some rightsizing of broker headcount on certain desks, some selective withdrawal from non-profitable products and some measured adjustments to bonus structures. These actions were the principal reason for the improvement in the underlying operating profit margin.

Case study

Building the best source of OTC data

Link to our strategy

2 4 5 8

Over-the-counter ('OTC') market data pricing is scarce, but the leading operator in the market, TP ICAP's Data & Analytics division provides this, and more, to our clients.

Clients place their trust in our data, which arms them with the intelligence they need to make informed choices. These include banks, asset managers, data aggregators, risk departments, academics and index manufacturers. We provide an extensive and wide ranging inventory of proprietary OTC data, providing indicative pricing data generated by our brokers, and through the application of analytics to indicate where markets are traded. We also continue to be the beneficiary of the changing regulatory environment as rules continue to develop.

As a result of MiFID II, pre- and post-trade transparency has been mandated across Europe for the first time. In 2017, we continued to innovate, rolling out new services and products across a wide spectrum of asset classes. Working with a major customer, we have added Government bond strips for GBP and EUR, utilising analytics to derive zero coupon bond values from our existing Government bond data to address their need for a reliable independent data source.

In Energy & Commodities we have added the Liquid Natural Gas markets with data driven by pricing from our desks. This is further enhanced by the application of proprietary analytics to offer key prices in various quoting formats.

To read more, visit our website.

Financial and operating review
continued

The results for 2017 compared with those for 2016 are shown in the tables below.

2017

Income statement £m	Underlying	Acquisition, disposal and integration costs	Exceptional items	Statutory
Revenue	1,757			1,757
Charge relating to cost improvement programme			(32)	(32)
ICAP integration costs		(79)		(79)
Acquisition-related share-based payment charge		(9)		(9)
Amortisation of intangible assets arising on consolidation		(40)		(40)
Other items		1	(2)	(1)
Operating profit	263	(127)	(34)	102
Operating profit margin	*15.0%*			*5.8%*
Net finance expense	(30)			(30)
Profit before tax	233	(127)	(34)	72
Tax	(61)	54	10	3
Share of net profit of associates and joint ventures	12			12
Non-controlling interests				
Earnings	184	(73)	(24)	87
Average number of shares (millions)	551.8			551.8
Basic EPS (pence)	33.3			15.8

2016

Income statement £m	Underlying	Acquisition, disposal and integration costs	Exceptional items	Statutory
Revenue	892			892
Charge relating to cost improvement programme			(6)	(6)
Pension scheme settlement gain			4	4
ICAP acquisition costs		(17)		(17)
ICAP integration costs		(19)		(19)
Acquisition-related share-based payment charge		(17)		(17)
Amortisation of intangible assets arising on consolidation		(2)		(2)
Other acquisition and disposal items		(2)		(2)
Operating profit	132	(57)	(2)	73
Operating profit margin	*14.8%*			*8.2%*
Net finance expense	(10)	(6)		(16)
Profit before tax	122	(63)	(2)	57
Tax	(22)	5		(17)
Share of net profit of associates and joint ventures	4			4
Non-controlling interests	(1)			(1)
Earnings	103	(58)	(2)	43
Average number of shares (millions)	242.3			242.3
Basic EPS (pence)	42.5			17.8

The pro forma 2016 comparatives have been compiled by aggregating the audited 2016 financial statements of TP plc with financial data extracted from the books and records of ICAP over the 12 month period to December 2016.

They do not include a deduction for amortisation of acquisition intangibles arising on the acquisition of ICAP of £40m that is included in 2017, and they include £17m of acquisition costs relating to the acquisition of ICAP.

TP ICAP 2016 unaudited pro forma income statement

Income statement £m	Underlying	Acquisition, disposal and integration costs	Exceptional items	Statutory
Revenue	1,687			1,687
Charge relating to cost improvement programme			(6)	(6)
Pension scheme settlement gain			4	4
ICAP acquisition costs		(17)		(17)
ICAP integration costs		(19)		(19)
Acquisition-related share-based payment charge		(17)		(17)
Amortisation of intangible assets arising on consolidation		(2)		(2)
Other acquisition and disposal items		(2)		(2)
Operating profit	240	(57)	(2)	181
Operating profit margin	*14.2%*			*10.7%*
Net finance expense	(8)	(6)		(14)
Profit before tax	232	(63)	(2)	167
Tax	(52)	5		(47)
Share of net profit of associates and joint ventures	9			9
Non-controlling interests	(1)			(1)
Earnings	188	(58)	(2)	128
Average number of shares (millions)	552.6			552.6
Basic EPS (pence)	34.0p			23.2p

Financial and operating review
continued

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.

There is a £34m exceptional charge in 2017. £32m of this exceptional charge relates to the TP ICAP cost improvement programme and reflects costs incurred in restructuring broker employment contracts and removing underperforming brokers. Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business. While a £5m cost improvement programme charge arose in 2016, it reflected the remaining actions of a discrete programme implemented in 2015.

The Group does not expect to incur exceptional costs of this nature for the foreseeable future. The Group also incurred a £2m charge in the year relating to long-term employee benefit obligations, which is one-off and exceptional in nature.

Costs of £79m relating to the integration of ICAP includes the cost of individuals, the majority of whose time is dedicated to delivering the integration. Other integration costs include professional fees and staff severance costs. In the 2016 Annual Report, we set out the expected integration savings and associated costs to achieve those savings. For 2017 we estimated that we would make savings of £10m and we would spend £40m on integration. Due to the acceleration of the integration programme we have made savings of £27m during the year and the costs to achieve those savings have increased from an expected £40m to £79m.

The annualised run rate of synergy savings achieved at the end of the year was £52m. We remain committed to delivering £100m of synergy savings over the duration of the integration programme.

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 final amortisation charge of the earn out was recognised in 2017 of £9m (2016: £16m).

A charge of £40m has been incurred through the income statement reflecting the amortisation of intangible assets other than goodwill arising on the acquisition of ICAP, PVM, MOAB and COEX, reflecting brand value, the value of customer relationships and other intangible assets. 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.

Net finance expense

The underlying net finance charge of £33m comprises: £28m interest payable on the outstanding Sterling Notes including £24m from the £500m January 2024 Sterling Note issued in January 2017 to refinance the £470m bank bridge loan; £4m interest payable on the revolving credit facility; and commitment fees for the bridge facility prior to its refinancing; £3m of amortisation of debt issue and arrangement costs; and other net interest income of £2m.

The underlying net finance income of £3m comprises the £3m non-cash income on the Retirement Benefit Asset.

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

Net Finance expense

£m	2017	2016 Reported (TP plc only)
Receivable on cash balances	**3**	2
Payable on Sterling Notes June 2019	**(4)**	(4)
Payable on Sterling Notes January 2024	**(24)**	–
Payable on Sterling Notes June 2016	**–**	(5)
Interest payable on bank facilities	**(1)**	(2)
Commitment fee payable on bank facilities	**(3)**	(2)
Amortisation of debt issue and arrangement fees	**(3)**	(1)
Other interest	**(1)**	(1)
	(33)	(13)
Net finance income	**3**	3
	(30)	(10)

Tax

The effective rate of tax on underlying profit before tax is 26% (2016: 23% pro forma and 18% as reported). The rate is higher than the underlying 18% reported in 2016 primarily due to the inclusion of the ICAP business in the current year results, which has driven an increase in the mix of taxable profits in the period in tax jurisdictions with higher statutory rates of tax, principally the US. The rate is higher than the 2016 pro forma rate of 23% reflecting a change in the mix of taxable profits and an increase in non-deductible expenditure.

The effective rate of tax on statutory profit before tax is a 4% credit to income rather than a tax charge. This reflects the increase in the tax credit included in acquisition, disposal and integration costs due to a £24m decrease in deferred tax liabilities that arises from the reduction in the US federal rate of tax (see Notes 10 and 20).

The effective tax rate on underlying profit before tax is expected to remain in line with the 2017 rate of 26% despite the recent change in the headline rate of corporation tax in the US from 35% to 21%. This is due to other aspects of the tax legislation, which have the effect of broadening the US tax base.

Basic EPS

The average number of shares used for the basic EPS calculation of 551.8m reflects the 554.1m shares in issue less the 1.9m held by the Employee Benefit Trust ('EBT') at the beginning of the year, less the time apportioned element of the 0.7m shares acquired by the EBT to satisfy deferred share awards made to senior management.

Financial and operating review
continued

Cash Flow

The reported cash flow is shown on page 106 and further analysis is provided in Note 31 to the Consolidated Financial Statements[1].

£m	2017	2016 Reported (TP plc only)
Underlying operating profit	**263**	132
Share-based compensation and other non-cash items	**6**	5
Depreciation and amortisation	**41**	16
EBITDA	**310**	153
Capital expenditure (net of disposals)	**(41)**	(17)
Change in initial contract prepayments	**(26)**	–
Other working capital	**(33)**	(6)
Underlying operating cash flow	**210**	130
Cost improvement programme: 2017	**(32)**	–
Prior cost improvement programmes	**(3)**	(22)
Other exceptionals	**(1)**	
ICAP integration costs	**(73)**	(17)
ICAP acquisition costs	**(6)**	(11)
Share award purchases	**(4)**	(6)
Share issue costs	**(7)**	–
Net interest	**(19)**	(19)
Taxation	**(27)**	(17)
Dividends from associates and joint ventures	**13**	2
Dividends and repayment of equity	**(7)**	(1)
Acquisition consideration and investments (net of disposals)	**(6)**	(3)
Underlying cash flow	**38**	36

The underlying operating cash flow in 2017 of £210m represents a conversion of 80% (2016: £130m and 98%) of underlying operating profit into cash.

Capital expenditure of £41m includes the development of our electronic broking capabilities including 'straight through processing' technology, investment in IT and communications infrastructure, as well as property-related capital expenditure for office moves.

1 The net decrease in cash and cash equivalents of £46m in the consolidated Cash Flow Statement is after additional cash flows reflecting dividend payments of £58m, net receipts from changes in debt of £27m, cash acquired with subsidiaries of £1m and the outflow of £54m relating to the purchase of financial assets.

Initial contract payments ('ICPs') increased in 2017 as the business looked to lock in brokers on long-term contracts that reflects increased market competition for their services. ICPs are amortised over the life of the contract, typically three years, so this increased expenditure will impact the reported level of broker compensation in future years.

The other working capital outflow in 2017 primarily reflects an increase in trade receivables as some customers have experienced delays in their payment cycles and bonus payments in respect of the strong performance in the final quarter of 2016.

The £32m cash outflow for the 2017 cost improvement programme reflects the charge in the income statement.

ICAP integration expenditure of £73m is lower than the £79m charged in the income statement. The income statement charge also includes the write off of intangible assets and the share based payment charge relating to the transformational LTIP.

The Group paid £4m to purchase its own shares in order to satisfy deferred share awards made to senior management during the year. Included within 2017 was also a £7m cash outflow for stamp duty paid on the shares acquired as part of the ICAP transaction and charged to equity in 2016.

Interest payments in 2017 reflect the underlying income statement charge for net cash finance expenses excluding the charge for the amortisation of debt issue costs.

Tax payments in 2017 of £27m are higher than in the prior year reflecting the inclusion of payments of the acquired ICAP companies.

The £6m of acquisition consideration and investments cash outflow in 2017 is deferred consideration in relation to the MOAB and Creditex acquisitions an initial upfront payment for COEX Partners Limited, and investments in Glia Ecosystems and LiquidityChain.

The movement in cash and debt is summarised below.

£m	Funds[1]	Debt	Net
At 31 December 2016	786	(547)	239
Cash flow	38		38
Dividends	(58)	–	(58)
Sterling notes issue	500	(500)	–
Bank debt repayment	(470)	470	–
Sterling note issue costs	(3)	3	–
Amortisation of debt and facility fees	–	(3)	(3)
Accrued interest	–	(12)	(12)
Effect of movements in exchange rates	(33)	–	(33)
Acquired with subsidiaries	1		1
At 31 December 2017	**761**	**(589)**	**172**

1 Includes cash and financial assets.

The Group holds cash for regulatory capital, liquidity and margin calls and for working capital. £619m of cash is currently held in 56 regulated entities that hold the bulk of this cash to meet regulatory requirements and for liquidity purposes. Cash is also held in these entities for working capital purposes and there is also a small amount of excess cash, which represents accrued profits that will in due course be distributed to the parent company. £114m of cash is held in non-regulated entities include the data sales business and employee service companies. The cash held in these entities is held for working capital purposes and also includes Data & Analytics accrued profits that have yet to be distributed. Finally the Group holds £28m of cash in corporate entities which represents cash available for general corporate purposes.

Financial and operating review
continued

Debt finance

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

	At 31 December 2017 £m	At 31 December 2016 £m
5.25% Sterling Notes June 2019	**80**	80
5.25% Sterling Notes January 2024	**500**	–
Bank bridge loan	**–**	470
Accrued interest on 5.25% Sterling Notes January 2024	**12**	–
Unamortised debt issue costs	**(3)**	(3)
	589	547

In January 2017, the Company issued a seven year 5.25% Sterling Notes to repay the £470m bank bridge loan.

The Group has a £250m Revolving Credit Facility maturing in April 2019. The facility was undrawn as at 31 December 2017.

Exchange and hedging

The income statements and balance sheets of the Group's businesses whose functional currency is not GBP are translated into sterling at average and period end exchange rates respectively. The most significant exchange rates for the Group are the US dollar and the Euro. The Group's current policy is not to hedge income statement or balance sheet translation exposure. Average and period end exchange rates used in the preparation of the financial statements are shown below.

	Average		Year end	
	2017	2016	2017	2016
USD	**$1.29**	$1.37	**$1.35**	$1.24
Euro	**€1.15**	€1.23	**€1.13**	€1.17

Pensions

The Group has one defined benefit pension 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 2016 was concluded in April 2017. The actuarial funding surplus of the scheme at that date was £61m and under the agreed schedule of contributions the Company will continue not to make any payments into the scheme.

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 31 December 2017 was £260m (31 December 2016: £317m). The decrease reflects the investment return on the assets less amounts paid as benefits and transfers and the effect of the bulk annuity transaction explained below. The value of the scheme's liabilities at the end of December 2017, calculated in accordance with IAS 19, was £203m (31 December 2016: £217m). The valuation of the scheme's liabilities at the end of the period reflects the demographic assumptions adopted for the most recent triennial actuarial valuation and a discount rate of 2.4% (31 December 2016: 2.5%). Under IAS 19, the scheme shows a surplus, before the related deferred tax liability, of £57m at 31 December 2017 (31 December 2016: £100m).

On 11 May 2017 the Group announced that the Trustees had insured the defined benefit liabilities of the scheme through a bulk purchase annuity transaction with Rothesay Life for the payment of a premium of £270m to insure all scheme liabilities, which had an accounting value of £214m at that time. The policy is in the name of the scheme and is a scheme asset. The purchase of the policy represents a bulk annuity 'buy-in' and has been accounted for in accordance with the requirements of IAS 19 'Employee Benefits'. Under IAS 19, the accounting value of the purchased policy is set to be equal to the value of the liabilities covered, calculated using the current IAS 19 actuarial assumptions for the defined benefit obligation. As the actual purchase price of the policy was higher than the accounting value of the policy, a reduction of £56m in the Scheme's assets was recorded. This reduction is included within the Return on Scheme assets (excluding deemed interest) and reported as part of the Group's 're-measurement of defined benefit pension schemes' included within the Consolidated Statement of Comprehensive Income.

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 £1,702m (2016: £1,922m). 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.

Going concern

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 2020. We believe that a three year time horizon remains the most appropriate timeframe over which the Directors should assess the long-term viability of the Group. This is on the basis that 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 particular regard to the integration of the ICAP business and the delivery of synergies. The assessment has been made taking into account the following:

> the current liquidity position of the Group including its base case and stressed case cash flow forecasts;
> the liquidity stress testing and reverse stress testing undertaken by the Group;
> 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 36 to 41; 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, on the basis of that assessment, 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 have made the following assumptions:

> the Group maintains access to liquidity through the Group's £250m revolving credit facility (Note 23 on page 132);
> the Group reduces its excess goodwill in accordance with the terms agreed with the FCA in the Group's waiver from consolidated capital adequacy requirements under CRD IV;
> the Group does not lose its waiver from consolidated capital adequacy requirements under CRD IV due to changes in the regulatory rules;
> the Group successfully refinances the £80m Notes that mature in June 2019 (Note 23 on page 132);
> the Group achieves the successful integration of the ICAP business and delivery of the expected synergies; and
> the Group takes appropriate action to mitigate potential adverse effects arising from Brexit.

Risk management

Effective risk management is essential to the financial strength and resilience of the Group and for the achievement of its business objectives.

This section describes how risk is managed by the Group through its Enterprise Risk Management Framework and describes 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 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 risk management activities. The principles dictate that risk management is value enhancing, addresses the expectations and requirements of key stakeholders and is integrated into the business processes. The approach is proportionate to the type and complexity of the business model and the nature of the associated risks. Furthermore, risk oversight and assurance functions are 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 Group, 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 risk management culture through a combination of frameworks, policies, practices and incentive schemes.

To read our principal risks and uncertainties see **p38– 41**

Governance
The Group has implemented a risk management governance structure based on the industry-standard three lines of defence that segregates risk management (first line of defence) from risk oversight (second line of defence) and risk assurance (third line of defence).

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

This includes:

- determining the Group's risk appetite and defining expectations for the Group's risk culture;
- ensuring that the Group has an appropriate and effective risk management framework; and
- monitoring the Group's risk profile to ensure that it remains within the Group's stated risk appetite.

The Group's risk governance structure ensures the effective oversight and management of risk through the implementation and operation of the ERMF. It comprises:

- Board Risk Committee ('BRC');
- Group Executive Risk Committee ('GERC');
- Regional risk committees (in EMEA, Americas and Asia Pacific); and
- 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 refer to five 'risk impacts' and are summarised as:

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 within which the first line of defence must operate 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.

Risk	Description	Potential impact	Change in risk exposure since 2016
Adverse change to regulatory framework	The Group is exposed to the risk of a fundamental change to the regulatory framework which has a material adverse impact on its business and economic model.	> Reduction in broking activity > Reduced earnings and profitability > Material change in applicable regulatory rules and their interpretation including loss of consolidation waiver	↑ Increase
Deterioration in the commercial environment	The risk that due to adverse macro-economic conditions or geopolitical developments, market activity is suppressed leading to reduced trading volumes.	> Reduction in broking activity > Reduced earnings and profitability	⟷ No change
Failure to respond to client requirements	The risk that the Group fails to respond to rapidly changing customer requirements, including the demand for enhanced electronic broking solutions for certain asset classes.	> Loss of market share > Reduced earnings and profitability	⟷ No change
The impact of Brexit	The risk that the Group is unable to implement the legal structure to operate within the EU post-Brexit in a timely manner putting revenue at risk. Additionally, given the political uncertainty, the risk of a 'Hard Brexit' exists which may result in a fragmentation of liquidity across the sector and consequential reduction in trading volumes and revenue.	> Reduction in broking activity > Loss of market share > Reduced earnings and profitability	New
Failure to deliver integration	The risk that the Group fails to achieve the targeted operational efficiencies and associated synergies due to a failure to successfully integrate the ICAP business, or that the cost to achieve these synergies is too high.	> Double running costs leading to reduced profitability > Lack of investor confidence	↑ Increase

Key to our strategy

1 Hire brokers
2 Energy & Commodities
3 Broader client base
4 Data & Analytics
5 Investing in technology
6 Client relationship management
7 Acquisitions
8 Investment framework
9 HR
10 Brand

Mitigation	Key risk indicator	Related strategic objectives
> Close monitoring of regulatory developments > Active involvement in consultation and rule setting processes	> Key regulatory changes > Status of regulatory change initiatives	4 8 > 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
> Clearly defined business development strategy to maintain geographical and product diversification	> Operating profit > Revenues by region > Trade volumes > Revenue forecast > Stress testing scenario outcomes	1 2 3 10 > 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 > Clearly defined business development strategy which continues to enhance the Group's service offering	> Operating profit > Trade volumes > New business initiatives > Client satisfaction surveys	5 6 > 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 a Brexit plan which would accommodate a range of potential Brexit scenarios (including a 'Hard Brexit') > Leveraging the Group's continental European footprint > Proactive engagement with European regulators and clients	> Key regulatory changes > Brexit plan tracking	3 6 > Extending the business's broking offering to service clients where the market is receptive to a broadening of the client base > 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
> Clearly defined integration plan > Robust integration governance structure > Management of synergies realised and monitoring of integration costs	> Integration plan tracking (status)	7 > Developing the business's capability to source, execute and integrate acquisitions

Our principal risks and uncertainties continued

Risk	Description	Potential impact	Change in risk exposure since 2016
Failure to retain and recruit talent	The Group operates in a highly competitive recruitment market 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 the Group seeks to counter aggressive competitor activity	⟷ No change
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	↑ Increase
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 market intermediary	⟷ No change
Breach of regulatory requirements	The Group operates in a highly regulated environment and is subject to the laws and regulatory frameworks of numerous jurisdictions. Failure to comply with applicable regulatory requirements could result in enforcement action being taken. See Note 33 to the Consolidated Financial Statements.	> Regulatory enforcement action including censure, fines or loss of operating licence > Severe damage to reputation	↑ Increase
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	⟷ No change
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	⟷ No change

Mitigation	Key risk indicator	Related strategic objectives
> Proactive management of broker contracts > Competitive remuneration and performance management > Early Careers Programme	> Complaints and conduct issues > Voluntary leavers > Performance appraisal ratings > Training undertaken	9 > Developing the HR function and processes to hire and train staff and to manage compensation appropriately to encourage good long term behaviours
> Monitor and assess the evolving, and increasingly sophisticated, cyber-threat landscape > Ensure that the Group's control framework is appropriate to address the potential cyber-threats to which it is exposed	> System outages > Data loss events > Cyber-security events/losses > Vulnerability monitoring	5 8 > 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
> Appropriate control framework to manage operational risk within risk appetite > Reverse stress tests to identify key risks that could undermine the Group's viability > Effective business continuity plans and capability > Incident and crisis management plans	> Residual balances > Risk events > Crisis incidents > Settlement fails > Margin calls	5 8 > 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
> Group compliance function to ensure that staff are aware of regulatory requirements, and for monitoring compliance with these requirements > Cultural framework to implement the Group's core values and principles > Comprehensive compliance training programme	> Regulatory fines or other enforcement action > Policy breaches	8 9 > 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 thresholds, calibrated to reflect client creditworthiness > Exposure monitoring and reporting by independent credit risk function > Exposure concentration limits to prevent excessive exposure to one institution	> Matched Principal trade exposure > Name Passing receivables > Group cash peak exposure	6 8 > 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 client relationship management to bring focus and discipline to how the business targets and covers clients, to seek to broaden and institutionalise relationships
> Broking limits that restrict potential margin exposure > Group maintains significant cash resources in each operating centre to ensure immediate access to funds > Committed £250m revolving credit facility ('RCF')	> Unplanned intra-Group funding calls > RCF draw-down > Level of margin call	8 > Working within a robust investment framework so that the business allocates capital and resources to areas where the most value can be created

Corporate social responsibility

Our corporate social responsibility ('CSR') strategy's primary aim is to support our business objectives, while demonstrating leadership in conduct and culture through our actions – for the benefit of our business, our colleagues, our customers and the wider communities in which we operate.

Our values
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.

Our corporate social responsibility ethos – 'A Voice for All'
As a business we have been proud to employ people whatever their background. 'A Voice For All' is our commitment to step up providing improved access and opportunities for everyone, regardless of where they are from.

This year we launched 'A Voice for All' – our corporate social responsibility strategy. Its three pillars guide our efforts across our business, from fund raising and engaging with charities through to our recruitment processes.

'A Voice for All'

Inspire

We support creative initiatives that inspire new generations and give them the confidence to succeed.

We recognise that aspiration and achievement are linked. Where young and disaffected people have low expectations and poor confidence levels, they are less likely to do well in education or employment.

Inform

We promote skills development in the communities within which we operate, to increase participation in local economies.

Certain skills — especially digital and financial literacy — are essential life skills and have been identified by the OECD as increasingly vital to successful economies.

Include

We are building the diverse and skilled workforce the financial services sector needs for the future.

Financial services has seen a sharp rise in skills shortages in recent years. At the same time, the sector faces challenges over low levels of gender, ethnic and socio-economic diversity in the workforce.

Developing and delivering our CSR strategy

As the world's largest inter-dealer broker we have a responsibility to lead our sector in culture and conduct, to ensure that we fulfil our primary role of creating economic value in a way that is efficient, effective and sustainable. Our CSR strategy, 'A Voice for All' recognises that in order to be a high-performing, sustainable business we need to continue to develop and improve our culture, but also improve the communities in which we operate.

The three pillars of the strategy – Inspire, Inform and Include – link strongly to social mobility. We want the work we do in setting a sector-leading culture to enable our best talents to flourish and to inspire others to raise their aspirations, improve their skills and ultimately create the path for the next generation. In 2018 we will embed 'A Voice for All' throughout our Group and communicate it externally to our stakeholders.

Charitable giving and volunteering

In 2017, we launched a new TP ICAP Charitable Giving policy to support our employees' fund-raising and volunteering aspirations with a pool of funding and we allow our employees the choice to take two days of paid volunteering leave. We believe empowering our employees to get involved in charitable initiatives helps link our business more closely with the communities in which we operate.

Since its launch in June, this initiative has been well-received by our employees and we have supported causes across our three main regions. In 2017, we contributed over £15,000 to employee-matched giving and direct sponsorship causes, benefitting 32 charities. In addition, our employees volunteered around 500 hours of their time to help 19 charitable causes.

We continued to support ICAP's Charity Day which raised an incredible £4.7 million in 2017 for good causes around the globe.

We also made donations of £103,200 to the relief of disasters such as the Grenfell Tower fire and Hurricane Harvey. Excluding Charity Day, we donated less than £200,000 to charitable causes in 2017.

Human rights

We fully support the UN Guiding Principles on Business and Human Rights. This includes implementing our obligations under the UK Modern Slavery Act and respecting freedom of association for our employees. Our statement for the Modern Slavery Act is located on our main website in line with legislative requirements: www.tpicap.com.

As a global Company, we rely on several thousand suppliers of products and services from more than 31 countries. 80% of our top 30 suppliers are leading global providers of IT, telephony and professional services.

We will not tolerate slavery in our supply chain. We are in the process of introducing a supplier code of conduct, for new and renewed contracts, which will set out our expectations for suppliers to comply with our approach.

Our initial analysis of our top 30 direct suppliers shows that they are all located in the US and EMEA and are, on balance, viewed as low risk. Many of our suppliers have their own comprehensive policies related to modern slavery.

We have undertaken a number of steps to address the issue of modern slavery and human trafficking, including training our employees on modern slavery issues and how to identify them, starting dialogue with our top 30 suppliers through surveys, and creating a new in-depth introduction process for new suppliers, which covers a number of sustainability issues, including an assessment of modern slavery and forced labour practices. More information is available on our website.

Sustainable procurement

We take the sustainability of our supply chain and procurement exceptionally seriously, and in 2017 implemented a number of initiatives that support this including:

- printing reduction via secure login and print management to reduce paper wastage;
- introducing Corporate Uber and a new global travel provider to reduce our CO_2 footprint;
- stopping the supply and usage of 14,500 plastic bottles of water per week in the UK;
- agreeing to use Equinix for TP ICAP's core London Data Center. Equinix's power supply comes from the Slough Heat & Power renewable energy station, which generates hot water and electricity by burning wood chips and fibre cubes made from used paper and cardboard;
- investigating more cloud-hosted products to reduce our global data centre foot print and power consumption including, Icelandic Data Clouds;
- conducting a top ten vendor assessment every year, including monitoring their CO_2 data, as well as slavery prevention; and
- assessing the environmental impacts of new suppliers' operations.

ICAP Charity Day
25 years of giving

For 25 years, ICAP Charity Day has made an enormous impact – by giving away 100% of ICAP revenues and commissions on just one day. During this time it has positively changed the lives of hundreds of thousands of people. On 5 December 2017, £4.7 million was raised globally, bringing the total amount raised over 25 years to almost **£140 million**.

Since 1993, thanks to the efforts of our customers, staff and suppliers, ICAP Charity Day has made a big difference to a diverse range of charities around the world and has enabled us to fund entire projects across a range of charitable causes.

On Charity Day the workforce comes together with one aim, and one goal – to raise as much money as possible for charities around the world. Each ICAP office supports local charities registered in their own country.

Read about the projects ICAP Charity Day has supported in the 'Success Stories' section of the website.
www.icapcharityday.com/success-stories

Below – HRH, The Duchess of Cornwall, Patron of Medical Detection Dogs, in the London office.

£4.7m

On 5 December 2017, £4.7 million was raised globally.

2,400

In 2017, 2,400 staff in 27 ICAP offices, across 21 countries participated.

£140m

The total amount raised over 25 years is almost £140 million.

2,300

This year we supported more than 100 charities globally, bringing the total number for charities supported since 1993 to 2,300.

Watch the highlights of the ICAP Charity Day 2017 at:
www.facebook.com/ICAPCharityDay
www.twitter.com/ICAPCharityDay

Top left – The Children's Hospital at Westmead, Sydney.
Top right – Drew Barrymore in the New York office on behalf of Baby2Baby.
Middle left – Desmond Lee, Singapore Minister for Social and Family Development and Second Minister in the Ministry of National Development.
Bottom – London staff volunteer day with Rays of Sunshine at Evelina Children's Hospital.

"It has been a privilege to take over responsibility for ICAP's Charity Day and to launch the Group wide TP ICAP charitable initiative."

John Phizackerley
Chief Executive

Resources, relationships and responsibilities

We aim to manage our business responsibly. This is reflected in our ongoing commitment to maintaining a professional culture with sound business practices and relationships as well as developing all our employees.

Supporting employees
As a new business formed from the combination of Tullett Prebon and ICAP, TP ICAP has created two forums to improve the support we offer our employees. The first is our employee engagement forum named, 'involve', a permanent body made up of elected employee representatives, who act as a collective voice, speaking on behalf of employees on important issues in the workplace. The forum gives a voice to employees around collective consultation, information and communication and employee feedback. The second is 'connect', our employee-led engagement network which brings together employees from around the world to create networks and development opportunities, as well as events to talk about topical issues and encourage the diversity of our Group. These two programmes help drive employee engagement to help us achieve the aim of being the leading employer in our sector.

To support our employees, we have global policies in place 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
Our resourcing team has been successful in recruiting new trainee brokers within the US and the UK as part of the Early Careers Programme. In both locations we have moved to 'CV-blind' assessment centres and away from historic reliance on the annual campus recruitment rounds. We proved in 2017 that we can attract high calibre candidates through this method. Through a combination of hiring strategies, we achieved our goal of adding 52 trainee brokers to the Group. We aim to hire another 50 trainees in 2018. Asia Pacific is the priority for 2018 as we continue to focus on increasing the overall diversity of new trainee cohorts.

We have also been busy in lateral hiring as we actively seek to attract a diverse pool of candidates using low and no fee sources.

Learning and talent development
Through the change programmes sponsored by HR, we have given employees across the Group ways to manage stress and be resilient. Early this year we were able to release our learning management system to all employees across the Group. This means there is a consistent 'one place' to access content related to development, whether that be on-line mandatory training or performance-related documents such as setting objectives and doing annual reviews.

We have provided employees access to training calendars with courses covering key personal effectiveness skills. We have scheduled additional programmes when courses are oversubscribed to meet employee demand. 2017 also saw the rollout of a rebranded TP ICAP 'Respect@Work' course. Originally released to Tullett Prebon employees in 2015, this course has been refreshed and relaunched in 2017 across the Group. The course focuses on us as individuals, reinforcing that we each contribute to the environment and culture at TP ICAP and that every one of us is accountable for it. The course is a reminder that all employees should feel empowered to report unacceptable behaviour.

Employee numbers, gender pay and diversity
We are focused on addressing the challenge of diversity in our organisation which, like many businesses in the financial services sectors, has a lower ratio of female to male employees, particularly in broking roles.

Since the creation of TP ICAP in December 2016, we have taken steps to address the imbalance, including the appointment of a diversity champion on our GEC and introducing CV-blind recruiting in our broker recruitment process which is a first in our sector. This has transformed the way we recruit trainee brokers at TP ICAP. The Company will report its Gender Pay Gap data in line with regulations.

At 31 December 2017, the TP ICAP Board comprised two women and six men, the same as last year. The mix of senior managers at 31 December 2017 was 18% women and 82% men. Overall employee numbers on 31 December 2017 were 22% women and 78% men.

Culture
During 2017 we have been articulating our culture at TP ICAP and describing what we want that culture to be. In summer 2017, we were able get our first full set of employee engagement feedback which told us how engaged employees are and asked questions about how they perceive our culture. Collating this feedback is one way of gauging employee sentiment and wellbeing. Communicating and acting on the feedback gives our employees a voice and the ability to shape our culture.

Social media and online policy
At TP ICAP we understand the importance of social media and its impact on society and our employees. Our Group policy for social media and online activity is designed to safeguard our brand, reputation and employees when communicating on social media or online.

Our policy has clear rules on the use of social media and online communications and has been communicated to our employees.

We also have a social media best practice guide and monitor all the mainstream social media channels to ensure compliance with our standards.

Working with government 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. This allows us to respond efficiently to change. It is the Group's policy not to make cash contributions to any political party. During 2017, no political donations were made by the Group (2016: £nil).

Whistleblowing, anti-money laundering and bribery and corruption
TP ICAP recognises its responsibility to fully meet its legal and regulatory requirements to protect the integrity and stability of the financial markets and makes a commitment to:

> not being used by criminals to launder the proceeds of crime or by sanctioned individuals and entities;
> help combat terrorist financing;
> comply with economic and trade sanctions issued by relevant governments and organisations in every jurisdiction in which we operate;
> prohibit the acceptance, or offering of a bribe in any form;
> prohibit the solicitation of business, by the offering of any form of bribe;
> prohibit the offering of employment, with the intention of receiving an improper business advantage; and
> prohibit the making of facilitation payments.

TP ICAP strives to maintain the highest standards of honesty, openness and accountability and recognises that all those who work with or within the Group have an important role to play in achieving this goal. Accordingly, the Group has implemented a global whistleblowing policy which encourages employees and third parties, to report suspicion of wrongdoing in relation to TP ICAP activities including: criminal activity, failure to comply with legal or regulatory requirements, miscarriages of justice, danger to health and safety, damage to the environment, bribery, financial fraud, negligence, breach of TP ICAP's policies and unauthorised disclosure of confidential information.

Tax and other social payments
In December 2017, the Group published a Group tax strategy. This is available on TP ICAP's website, www.tpicap.com. The Group tax strategy explains that the Group is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities wherever we operate, and that the Group's tax risk appetite is low.

The Group made payments to tax authorities for 2017 of £281m (2016: £215m), comprising corporation tax, premises taxes, employer's social security payments, income taxes and social security paid on behalf of employees in the UK and the USA (the main jurisdictions in which it operates), 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 publication of additional information, including certain tax payments, in respect of the year ended 31 December 2017, by 31 December 2018. This information will be available by this date on TP ICAP's website, www.tpicap.com.

Environment
TP ICAP recognises it has a responsibility to help protect and preserve the environment. To this end, we try to carry out all reasonably practical measures to meet our responsibilities to reduce our impact on the environment. Responsibility for environmental matters rests with the Board, and is included in its terms of reference. The Chief Executive is the Board member responsible for corporate social responsibility, and as such, is responsible for the Company's environmental policy.

As an office-based business we do not generate a large environmental impact. The main impact of our business is greenhouse gas emissions as a result of office-based business activities and from business travel. Statistics relating to these are set out in the Directors' Report, on page 90, where we also publish our annual carbon footprint figures.

TP ICAP makes a commitment to:

> ensure compliance with all current environmental legislation;
> identify forthcoming environmental legislation to ensure timely compliance with such new legislation;
> improve its management of energy, emissions, use of resources and waste performance to prevent pollution and provide resources to support effective improvement opportunities;
> monitor and report the Group's annual energy usage and greenhouse gas emissions, as appropriate; and
> adopt sustainable procurement practices and work with customers and suppliers to improve energy performance throughout the Company's supply chain.

The 2017 Strategic report, from pages 1 to 47, has been reviewed and approved by the Board of Directors on 13 March 2018.

John Phizackerley
Chief Executive

Robin Stewart
Interim Chief Financial Officer

Chairman's introduction to governance

Rupert Robson
Chairman

Dear shareholder,

As a Board, we take our governance responsibilities seriously and recognise that instilling and promoting a culture rooted in our core values of honesty, integrity, respect and excellence is particularly important during a period of integration and change.

We have made good progress during 2017, further strengthening the governance and compliance frameworks that regulators, clients, shareholders and other stakeholders expect from the world's leading interdealer broker.

Evolution and reform
We remain committed to continual improvement in governance, culture and compliance. Recognising the increasing focus society places on corporate governance, the Board determined during the year that the Nominations Committee should take increased responsibility for overseeing governance matters.

The renamed Nominations and Governance Committee will take the lead in ensuring the Company is prepared to react and adapt in response to legislative and business-led corporate governance measures implemented under the UK Government's corporate governance reform. You can find further detail on the work of the Committee during 2017, including its work on succession planning, on page 60.

Over the following pages you will also gain greater insight into the work of the Board and each of the other main Board Committees, and will see how we have fulfilled our governance responsibilities throughout the year.

Leadership
Against the background of Tullett Prebon's acquisition of ICAP at the end of 2016, the Board committed to ensuring that it was fit for the future by appointing two new independent, international Non-executive Directors. I was delighted to welcome Edmund Ng on to the Board in November 2017, and in January 2018 we were joined by Michael Heaney. Edmund and Michael bring a range of relevant expertise and perspectives of financial markets in Asia and the Americas respectively, and also enhance the cultural diversity of the Board. We also have two women on the Board, Angela Knight and Carol Sergeant. Overall, we believe we have made significant progress in achieving a diverse set of Board members.

While I believe the Board's composition provides an excellent blend of experience, expertise and challenge, we remain mindful of the need to bring in fresh perspectives. We will therefore continue to challenge ourselves to develop our Board succession plan, ever cognisant of the benefits that diversity, in all its forms, brings.

Stephen Pull has indicated that he would like to retire from the Board in the first few months of 2019. He will have been on the Board for seven and a half years by that point. To that end, we have recently embarked on a search for a new independent Non-executive Director, who will also start as a new member of the Remuneration Committee. With impending changes to the scope of the Remuneration Committee arising from the Financial Reporting Council's ('FRC') review of the UK Corporate Governance Code (the 'Code'), we are giving careful consideration to the skills required of this new individual.

More generally, with the slightly larger size of the Board now, we aim to move to a position where we refresh the Non-executive Director complement of the Board at the rate of one person every 12 months or so. This is not intended to be a hard and fast rule, as it is important to maintain flexibility. Nonetheless, an approach of this sort allows for staggering of Board rotation at an appropriate pace. Therefore, we are actively considering what further Board changes will need to be made in the coming 12 to 24 months. We are conscious of the fact that some non-executive members of the Board will have completed a number of years on the Board during this period.

Andrew Baddeley was Chief Financial Officer until he stepped down in November 2017. The search for Andrew's replacement continues. Though not formally on the Board, Robin Stewart, Deputy CFO, has taken up the CFO responsibilities on an interim basis, and I thank him for his considerable efforts since November last year.

The Board recently concluded its annual evaluation of the Board and its committees. Given that the previous year's evaluation was externally facilitated, this year it was an internal questionnaire-based exercise. The results of this evaluation confirmed that the Board and its committees continue to operate effectively, but also identified areas for further development. These are set out on page 57 of this report.

Compliance with the Code
We have reviewed our governance framework with reference to the UK Corporate Governance Code, and a statement of compliance with the Code is set out on page 55.

Rupert Robson
Chairman
13 March 2018

"Instilling and promoting a culture rooted in our core values."

Q&A with Rupert Robson on the importance of culture, ethics and integrity at TP ICAP

Q How comprehensively has the Board considered the importance of TP ICAP's culture, and how it wishes to instil this culture throughout the Company?

A The Board regularly discusses the culture of the Company, and how it is progressing towards becoming the employer of choice and role model for the sector. We have a culture rooted in our core values of honesty, integrity, respect and excellence. This is something I mentioned briefly in my statement in last year's Annual Report and I'm pleased with the progress we have made over the past 12 months. Nonetheless, there are always areas that can be improved and over the past year, we have been looking closely at the culture of the combined organisation as it establishes itself following the early stages of integration.

As well as having the Company's culture in mind throughout the year, the Board has begun receiving regular updates on culture and conduct. The culture monitor is a biannual internal report which provides commentary against specific goals and seeks to measure progress against them. Our Risk Committee also considers culture as a topic for review and discussion.

Q How do TP ICAP's values assist with harmonising the culture across the organisation?

A At TP ICAP, we believe it is fundamental to our success that the culture we promote within the organisation resonates with our employees in all our locations. Our core values of honesty, integrity, respect and excellence apply everywhere. These are set out in numerous places with examples of the behaviour we would expect to see to exemplify each value. The values are hard-coded into the performance management process for all employees. Our Code of Conduct is our guide to appropriate conduct and summarises standards to ensure that people are clear on what it means to 'do the right thing'. We also welcome feedback from our employees to show how these values are working within the organisation and to identify any areas where we can continue to improve.

Q How has the Board considered the extent to which the business model and strategy relies on culture?

A Culture is fundamental to the long-term success of a business and forms a significant part of our discussions on the business model and strategy of the Group. At TP ICAP, we believe the conduct of individuals and the Group is as important as the products and services we deliver. Ensuring the culture of the Company is based on our identified values helps us meet our clients' needs, and creates a sustainable business model. Our reputation in the market is incredibly important to us and contributes to the success of the business.

Q To what extent do internal or external board evaluations include insights on the culture of the Board?

A Both the internal and external evaluations look at the culture of the Board and how it helps the Board operate effectively. I am proud of the culture of the Board, which I believe is one that encourages openness, challenge and collegiality amongst the members. The evaluations also consider the culture of the organisation as a whole.

Q How does the Board ask for feedback from stakeholders, including employees, on the culture they would like to see within the Company?

A The Board welcomes feedback from all stakeholders. The Board is conscious of the obligations under s172 of the Companies Act 2006 and has increased its focus on the appropriate approach to stakeholder engagement.

The Board has delegated to the Nominations and Governance Committee responsibility for considering how the Company can most effectively seek feedback from stakeholders. Some of the key stakeholders who frequently contribute are our shareholders, regulators, clients and employees. There are various avenues for shareholders to provide this feedback, including at the Annual General Meeting or through more informal discussions with the Chief Executive. Other colleagues on the Board, including most obviously the Senior Independent Non-executive Director and the Chairman of the Remuneration Committee, are also available to shareholders. In addition, we hold regular meetings with regulators to ensure that the dialogue between us is as meaningful and open as possible. We ask all employees to complete an Engagement Survey, which allows them to express views on a number of matters, including culture. We review the results carefully. There is also an employee representation forum in the UK called 'involve' which is made up of elected representatives. This forum provides a place for meaningful consultation and two-way dialogue on a number of issues. This has been especially important over the last 12 months, when we have been focused on creating a unified culture for the combined organisation.

To read more about stakeholder engagement see **p59**

Board of Directors

Rupert Robson
Chairman
N

Rupert Robson was appointed to the Board in January 2007 and to Non-executive Chairman in March 2013. He is Chairman of the Nominations and Governance 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 Non-executive Chairman of EMF Capital Partners Ltd, Sanne Group plc, a Non-executive Director of Savills plc and a Governor of Sherborne School.

John Phizackerley
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, serving as Chief Executive Officer of Nomura International plc until 2013.

Angela Knight
Senior Independent Non-executive Director
A N Re

Angela Knight CBE was appointed to the Board in September 2011. She is a member of the Audit, Remuneration and Nominations and Governance 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 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
Independent Non-executive Director
A N Ri

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 and Governance 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, Hargreaves Lansdown plc and AIB Group (UK) plc. He is also a trustee of three charities, Chiddingstone Castle, The Conservation Volunteers and the Charities Aid Foundation.

A Audit Committee
Ri Risk Committee
Re Remuneration Committee
N Nominations and Governance Committee
Chairman
Member

Stephen Pull
Independent Non-executive Director
N Re

Stephen Pull was appointed to the Board in September 2011. He is Chairman of the Remuneration Committee and a member of the Nominations and Governance 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. He is currently a director of Trust Associates Ltd.

David Shalders
Independent Non-executive Director
N Re Ri

David Shalders was appointed to the Board in February 2014 and is a member of the Remuneration, Nominations and Governance, 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
Independent Non-executive Director
A N Ri

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 and Governance 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 and Trustee of the Lloyds Register Foundation. She is also currently a Non-executive Director at Danske Bank Group and BNY Mellon SA/NV.

Edmund Ng
Independent Non-executive Director
N Re Ri

Edmund Ng was appointed to the Board in November 2017 and is a member of the Remuneration, Nominations and Governance, and Risk Committees.

He is currently Chief Investment Officer and co-founder of Eastfort Asset Management, which was established in mid-2015 with Brummer & Partners in Sweden. Before setting up his own fund house, he was the Head of the Direct Investment Division of Hong Kong Monetary Authority (HKMA) between May 2007 and May 2015, responsible for managing the region's reserves. Prior to that, he spent 20 years at J. P. Morgan, where he worked in various trading functions and served as a Managing Director of Asia Ex-Japan trading for a number of years.

Michael Heaney
Independent Non-executive Director
N Re Ri

Michael Heaney was appointed to the Board in January 2018 and is a member of the Remuneration, Nominations and Governance, and Risk Committees.

He is currently a Non-executive Director of Legal & General Investment Management Americas and Chairman of the SEC Fixed Income Market Structure Advisory Committee. Before this, he had a long and distinguished career in financial services, having spent 28 years at Morgan Stanley in New York and London.

He most recently served as Global Co-Head of the Fixed Income Sales and Trading Division and was also a member of Morgan Stanley's Operating Committee, Management Committee and Risk Management Committee.

Corporate governance report

Board meeting attendance

Director	Meetings attended[3]
Rupert Robson	8/8
John Phizackerley	8/8
Andrew Baddeley[1]	6/6
Angela Knight	8/8
Roger Perkin	8/8
Stephen Pull	8/8
Carol Sergeant	8/8
David Shalders	8/8
Edmund Ng[2]	2/2

1 Andrew Baddeley resigned as a director of TP ICAP plc on 3 November 2017.
2 Edmund Ng was appointed as a director of TP ICAP plc on 1 November 2017.
3 In addition to the scheduled meetings, one further meeting was held at short notice in February to discuss the Remuneration Policy. All members were able to attend this meeting except for Carol Sergeant and David Shalders due to previous commitments that could not be rearranged.

How the Board spent its time during the year

%

Strategy and M&A	21%
Routine matters	15%
CFO update	14%
CEO update	13%
Business/Management updates	8%
Investor relations	8%
Governance and policy	7%
Legal and compliance	5%
Risk management and audit	5%
NED only meetings	2%
Dividend and tax matters	2%

Leadership

For the majority of the year, the Board comprised two Executive Directors, five independent Non-executive Directors and a Non-executive Chairman. Well over half the Board was composed of independent Non-executive Directors throughout 2017. This remains the case as at the date of this report.

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 50.

The Directors' biographies demonstrate the depth and breadth of the Board's experience and skills. Eight of the current Directors (including six of the Non-executive Directors and the Non-executive Chairman) have extensive experience at senior levels in the financial services sector, including at an international level. With the most recent two appointments of Non-executive Directors, the Board has added extensive experience of financial markets in the Americas and Asia. One Non-executive Director is a chartered accountant and was an audit partner in a major firm of accountants.

Independence

The Board has determined that all of the Non-executive Directors are independent in character and judgement.

At the start of each meeting, the Directors are invited to advise of any conflicts or potential conflicts in respect of any item on that meeting's agenda.

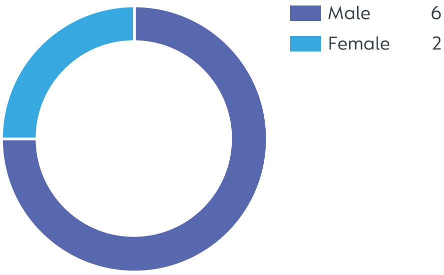
The Nominations and Governance Committee will review at each of its meetings the Company's Conflicts and Relevant Situations Register, which sets out information on Directors' conflicts that have either been authorised (in accordance with s175 of the Companies Act 2006) or declared (in accordance with s177 of the Companies Act 2006), as well as setting out Directors' other directorships.

The Board believes that there are no relationships, conflicts of interest or other circumstances which are likely to affect, or could appear to affect, any Director's judgement.

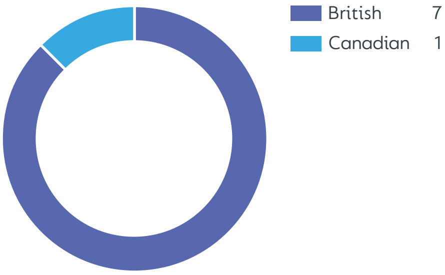
The Senior Independent Non-executive Director is responsible for discussing with shareholders any concerns they have failed to resolve through the normal channels of Chairman, Chief Executive or Chief Financial Officer, or for which such contact is inappropriate. The Senior Independent Non-executive Director also provides a sounding board for the Chairman and is available to act as an intermediary for other Directors when necessary.

Composition of the Board as at 31 December 2017

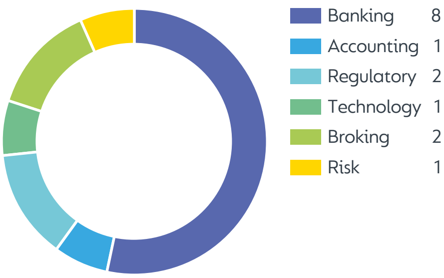
Gender



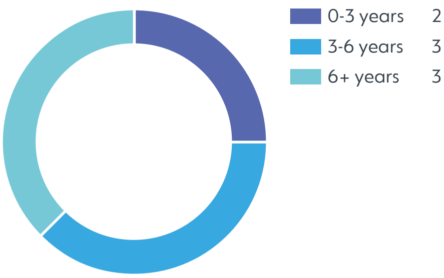
Nationality



Skills mapping



Tenure



Terms of appointment

The terms of the Directors' service agreements and letters of appointment are summarised in the Report on Directors' Remuneration on page 69. The letters of appointment of each of the Non-executive Directors in office throughout the year and that of the Chairman were refreshed in November 2017, not only to reflect increased fees as a result of increased workloads, but also to update terminology and references. Each of the Directors is 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.

External appointments

The Directors' other directorships are set out in the biographies on pages 50 and 51. 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 at TP ICAP.

Board succession planning and diversity

The Board recognises that a balanced Board, with a broad range of skills, experience, knowledge and diversity, is more likely to be an effective Board. The Nominations and Governance Committee, led by the Chairman, makes recommendations to the Board on Board appointments and succession planning, having regard to diversity aspirations, to the need to ensure there is an appropriate balance of skills and experience, and to ensure progressive refreshing of the Board. In considering diversity, we look at it in its widest sense, not just in respect of gender, but also age, experience, ethnicity and geographical expertise.

We continue our commitment to increase the percentage of female Board members as quickly as we are able. Although we appear to have weakened gender diversity in terms of proportionality, in fact the dilution has been the result of initiating a search and appointing two additional Non-executive Directors has brought wider geographic expertise as well as cultural and ethnic diversity to the Board. The search was based on objective criteria, though with due regard to the Board's diversity goals. During that search, we also considered female candidates. The two appointments were made on merit and on the basis that they were considered the best candidates to promote the success of the Company. Further detail about the recruitment of the two new Non-executive Directors is set out on page 60.

Our ability to increase our female representation at Board level depends on the availability of suitable candidates. During 2018, the Company will be reviewing its approach to diversity at all levels of the organisation, including at senior management level, to determine what further action we can take to improve diversity within TP ICAP. The continued entry of diverse candidates to our sector is vital, as is the retention and development of current talent within the Company. As a Board, we are committed to increasing further the percentage of women and the broader diversity of the Board.

Corporate governance report continued

Governance framework

Board

The Board has principal responsibility for promoting the long-term success of the Company.

> Provides strategic leadership
> Establishes and promotes the Company's culture, values and ethics
> Sets the Group's strategy, against which it monitors management's performance
> Determines the Group's risk appetite and nature and extent of the principal risks
> Ensures that controls and risk management systems are rigorous
> Determines what matters are reserved for decision of the Board

Chairman
The Chairman leads the Board by ensuring its effectiveness in all aspects of its role, setting the cultural tone and ensuring high standards of corporate governance.

Chief Executive
The Chief Executive is accountable to, and reports to the Board and is responsible for developing and implementing the strategy and providing coherent executive leadership in running the Company's operations and activities.

↓

Committees

Audit

The Committee ensures the governance and integrity of financial reporting and disclosures, reviewing the controls in place. It oversees the internal audit function and the relationship with the external auditors.

Nominations and Governance

The Committee is responsible for reviewing the balance of skills, knowledge, experience and diversity of the Board, making recommendations for Board and committee appointments and monitoring succession plans. It also has responsibility for reviewing and making recommendations on all matters of corporate governance.

Risk

The Committee reviews and makes recommendations to the Board on the Group's risk appetite, risk principles and policies so the risks are reasonable and appropriate for the Group, and can be managed and controlled within the limits of the Group's resources. It ensures adherence to risk principles and thresholds.

Remuneration

The Committee is responsible for developing, maintaining and recommending to the Board formal and transparent policies on remuneration for the Company's employees, including the Remuneration Policy. It makes recommendations to the Board on the remuneration packages of the Executive Directors and other members of senior management, in compliance with policy.

↓

Global Executive Committee

The Committee is responsible for ensuring the successful implementation of strategy, and monitors and governs the commercial and financial performance across the regions, global business lines and global corporate functions.

Role of the Board and its committees

The Board has a formal Schedule of Matters reserved to it for decisions. The roles of the Chairman and the Chief Executive are separate and a formal Statement of Division of Responsibilities has been adopted by the Company. The Board has Audit, Nominations and Governance, Risk and Remuneration Committees, to which it delegates some of its responsibilities through agreed Terms of Reference.

The Schedule of Matters Reserved, the Statement of Division of Responsibilities and each committee's Terms of Reference are subject to annual review to ensure they cover best practice in their respective areas and are available on the Company's website at www.tpicap.com.

All members of the Board and committees have access to the services of the Company Secretary. The Company maintains liability insurance for its Directors and officers, and to the extent allowed by law and the Company's Articles of Association, the Company provides a standard indemnity against certain liabilities that a Director may incur in their capacity as Director of the Company.

The Company has clearly defined policies, processes, controls and procedures which are subject to continuous review in order to meet the requirements of the business, the regulatory environment and the market. A framework is in place, approved by the Board, setting out authority levels delegated by the Board to individual Directors and senior management.

Global Executive Committee

Chaired by the Chief Executive, the Global Executive Committee ('GEC') oversees the strategy and management of TP ICAP. The GEC is experienced in strategic and change management, building high-performing teams, managing risk and setting high standards of professionalism and accountability. As part of a continuing review of the senior management structure, regional leadership was consolidated during 2017 so that in each of EMEA, Americas and APAC regions there is a sole regional chief executive officer. The GEC membership was consequently reduced. The names, responsibilities and biographies of members of the GEC can be found on the Company's website at www.tpicap.com.

Board meetings

Board meetings

Compliance with the Code

The Board reviewed the principles and provisions of the UK Corporate Governance Code (the 'Code') and its compliance with the Code throughout 2017.

Following this review, the Board is pleased to confirm that throughout the year ended 31 December 2017, the Company has fully complied with the Code issued by the Financial Reporting Council ('FRC') in April 2016. A copy of the Code can be found on the FRC's website: www.frc.org.uk.

Corporate governance report
continued

Effectiveness

The Board's activities

The Board has a schedule of eight meetings a year to discuss the Group's ordinary course of business in accordance with a detailed annual forward agenda developed by the Chairman and the Company Secretary, and agreed by the Board. Every effort is made to arrange Board meetings so all Directors can attend; additional meetings are occasionally arranged as required. The diagram on page 55 shows the cycle of meetings, the table on page 52 shows the Board attendance record during the year and the pie chart on that page shows how the Board spent its time during the year.

During 2017, the Board held its June meeting in New York and its September meeting in Singapore. The locations of these meetings were chosen as they are the principal head office locations of the Americas and Asia Pacific regions, and gave the Board the opportunity to focus on and gain insight into each region's performance, objectives, opportunities and risks during this critical period of integration, and to interact with regional management and staff. A meeting with only Non-executive Directors present was also held in Singapore to discuss various governance matters, including the development of the Nominations and Governance Committee. The Board and senior management also held a Strategy Day in May 2017. One additional meeting of the Board was held at short notice in February in order to discuss necessary adjustments to the Remuneration Policy following shareholder feedback.

Keeping the Board informed

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.

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

All Board meetings are minuted and any unresolved concerns are recorded in the minutes. The Company Secretary is responsible for ensuring the Board stays up to date with key changes in legislation which affect the Company, and there are procedures in place for taking independent professional advice at the Company's expense, if required.

Key agenda items discussed by the Board

During the year, main areas of focus of Board meeting discussion and review were performance against the integration plan, progress on planned synergy savings and process optimisation. There are regular business and management presentations. The other key areas discussed and reviewed by the Board in 2017 were as shown below:

Board subjects 2017	Key activities and discussions
Strategy formulation and monitoring	> Regular Chief Executive's reports > Acquisition strategy > Regular reports on integration
People and culture	> CSR strategy > Culture measurement and staff engagement > People, development and succession planning
Finance, including results, capital and liquidity	> Regular Chief Financial Officer's reports including financial performance > Approval of year end results, the Annual Report and Accounts, the AGM circular and dividends > Approval of interim results and review of trading statements > Capital Markets Day
Governance and risk, including regulatory outcomes	> Reports of the activities of the Audit, Risk, Remuneration and Nominations and Governance Committees > Review of principal risks faced by the Company > Regular legal and compliance reports > Conflicts of interest > Corporate governance updates
Other	> Withdrawal of the United Kingdom from the European Union and consequences for the Company > Review of defence strategy > Board evaluation > Investor relations reports

Board Strategy Day

In May 2017, the Board held a Strategy Day to discuss key areas of focus related to future strategy. The Board was joined by members of the Global Executive Committee and advisers, and considered and deliberated upon presentations on the following key strategic themes:

- MiFID II
- Acquisition and investment strategy, and the impact of regulation
- The Institutional Services strategy
- The Data & Analytics strategy

Board development during 2017

The outcome of the 2016 Board evaluation exercise, which was externally facilitated by Independent Audit, was reported in detail in last year's Annual Report. The main action points arising from that exercise, and action taken in respect of each, are set out in the table below.

2016 evaluation recommendations	Action taken during the year
The Board to make progress on its cultural and international diversity	> The appointment of Edmund Ng, a Hong Kong resident, as an independent Non-executive Director in November 2017 > The appointment of Michael Heaney, an American citizen, as an independent Non-executive Director in January 2018
The Board to refine the way it conducts 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 more interaction of the Board with management and staff below Board level	> Increased delegation to Committees, for example the broadening of the remit and responsibilities of the Nominations and Governance Committee, thus reducing the amount of routine oversight required by the Board > A formal forward agenda of business and management presentations allowing a more even distribution of topics per meeting > Visits by the Board to all regions and events designed to encourage interaction with regional senior management and other staff > Formal Non-executive Director and GEC member pairing

Board evaluation

The 2017 Board and committees evaluation process was internally facilitated and is illustrated in the following diagram:

1. Detailed and comprehensive web-based bespoke questionnaires designed by the Company Secretary in consultation with the Chairman of the Board and respective chairmen of each committee →
2. Electronic completion and return by individual Directors and other designated senior managers →
3. Collation of the responses by the Company Secretary and preparation of anonymised reports →
4. Review by the Chairman of the Board or respective chairman of the committee of each performance area, proposing potential action plans designed to address the findings, for discussion at each forum →
5. Presentation of the findings and proposed actions to the Board and committees on a non-attributable basis for discussion at meetings in January and March 2018, and agreement of action plans

While the evaluation confirmed that the Board and its committees operate effectively, it did identify areas for refinement and optimisation. The main recommendations arising from the Board evaluation for 2017, and actions planned during 2018, are set out in the table below.

2017 evaluation recommendations	Actions to be taken during 2018
Optimise Board and senior management succession planning	> Chairman to discuss tenure with each Non-executive Director individually > Board to consider a policy on Non-executive Director tenure as a 'norm' > HR to consider a more detailed succession-mapping exercise at management level below GEC
Consider systematic timetabling of post-implementation or post-investment reviews	> Secretariat to automatically schedule post-implementation reviews 12 months after acquisitions
Enhance monitoring of achievement of our strategic objectives, including information structured around the main integration objectives and performance drivers	> A review conducted on main KPIs, in particular appropriate metrics as integration moves to transformation
As regulations change, ensure a continuing development programme is in place for the Board, including training and technical briefings linked to our business issues	> The set up of a governance working party to undertake a holistic governance review, to report regularly to the Board > Continuous development of the Nominations and Governance Committee's training programme, with assistance from legal advisers > Delivery in February 2018 of a Board crisis escalation briefing to assist Directors' understanding of their role and responsibilities in a crisis

Corporate governance report
continued

Individual performance evaluation
As a separate part of the annual evaluation process, there is a review of the effectiveness and commitment of individual Directors and the need for any training or development is assessed. This is carried out as follows:

> The Chairman meets with the Non-executive Directors to evaluate the performance of the Chief Executive
> The Chairman meets each Non-executive Director individually
> The Senior Independent Non-executive Director and the other Non-executive Directors meet to evaluate the Chairman's performance, having first obtained feedback from the Chief Executive

As part of the evaluation, an individual's commitment of time to the Company in light of their other commitments, as noted in their biographies on pages 50 and 51, is reviewed. Angela Knight and Stephen Pull were subject to rigorous evaluation, in line with the Code, given that each will have served over six years by the time of the AGM in May 2018.

Professional development and corporate awareness
All Directors receive a comprehensive induction on joining the Board. Further detail with regard to the induction provided to the two Non-executive Directors appointed since the last AGM is set out in the Nominations and Governance Committee Report on page 60 and 61.

The Chairman is responsible for ensuring Directors continually update their skills and knowledge, and familiarity with the Company, so as to fulfil their role. Each of the main Board committees receives 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 regular 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.

Getting around the business:
A view from Carol Sergeant

I have been fortunate in the last 12 months to have the opportunity of visiting the head offices in each of our three regions more than once, not only as part of the main Board cycle visits during the year, but also leveraging my own personal travel itinerary to visit regional risk function colleagues and learn more about local issues and challenges.

TP ICAP continues to make good progress strengthening risk policies and infrastructure, and I have seen for myself how some of the new monitoring and control processes work in practice. It is pleasing to see so many colleagues embracing change.

Stakeholder engagement

As a Board, we endeavour to maintain good communication with a range of stakeholders. The ways we do this with some of our key stakeholders are set out in the following paragraphs.

Shareholders
The Board recognises the importance of communicating with shareholders. The Company website, www.tpicap.com/investors, 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 meetings on request. The Company held a number of investor roadshows in the UK and USA, as well as individual meetings with shareholders and sell-side analysts.

The Company also recorded a webcast of its 2017 interim results presentation, which is available to download on the Company's website.

In November 2017, the Company held its first Capital Markets Day since the acquisition of ICAP. This presented institutional shareholders, potential investors and analysts with a good understanding of what TP ICAP does and the context in which we operate, presented the wider management team and provided a high-level view of the Company's three-year strategy. A webcast of the day and slides are also available to download on the Company's website.

The Chairman calls the top 15-20 shareholders each year to offer a telephone conversation or a meeting. All Non-executive Directors are also available to meet shareholders, if requested, and the Board is regularly updated on shareholder feedback and, in particular, any specific comments from institutional shareholders.

The Board uses the AGM to communicate with shareholders 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.

Employees
Engagement with employees across the Group happens in a number of different ways. Employees are asked to complete an engagement survey that asks a broad range of questions to help us understand employee sentiment. The outputs of this survey have been shared with the Board, the management team and all employees. In addition to the survey, in the UK we have created an employee representation forum made up of elected individuals. This forum provides a regular opportunity for two-way dialogue on a number of topics. In every region, the Chief Executive holds frequent listening sessions in order to engage and answer questions from employees. We have also held 'town hall' meetings in all regions at which the Chief Executive presented on a number of topics to employees and held Q&A sessions. The Board also receives periodic reports from HR on matters such as employee engagement and culture. Given possible changes to the Code, the Board is considering other potential approaches to workforce and employee engagement.

Regulators
As the Group is lead regulated by the Financial Conduct Authority ('FCA'), there is a pro-active system of engagement with the FCA:

> to better understand their views and concerns and respond accordingly;
> to receive valuable feedback on our policies, procedures and our ways of working; and
> to enable us to put our views across such that the FCA understand our positions.

Engagement is typically with the FCA's supervisory team but depending on the issues to be discussed we may meet with the FCA's policy or competition teams. In addition to this close dialogue, we frequently engage with the FCA and other regulatory bodies via sector consultation and round table exercises. Other engagement with relevant agencies and the form of that engagement depends on the issues to be discussed.

Through engagement with various trade bodies, we also actively share our experience and expertise to help to raise standards and approaches across the sector. We advocate positions on a number of issues relevant to our business via the trade bodies or on our own account.

The Board is kept apprised of discussions with the regulator through presentations from the Group General Counsel and Global Head of Compliance. Summaries of the meetings and discussions are also included in the regular legal and compliance updates that the Board receives.

Clients
Our relationships and engagement with our clients are fundamental to the success of TP ICAP. We recognise that we need to have regular and effective dialogue with our clients to understand what their needs are and how satisfied they are with our business, and to identify any areas that we could improve in order to serve them more comprehensively. Progress has been made throughout 2017 to foster and institutionalise relationships, not just between traders and brokers, but also between firms at a senior level. The Board receives regular updates on our clients through the Chief Executive and specific reports from our client relationship management team are periodically included on the agenda.

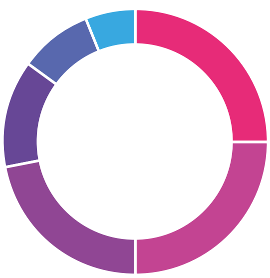
Report of the Nominations and Governance Committee

Rupert Robson
Chairman, Nominations and Governance Committee

Committee members	Meetings attended[2]
Rupert Robson	3/3
Angela Knight	3/3
Edmund Ng[1]	1/1
Stephen Pull	3/3
David Shalders	3/3
Roger Perkin	3/3
Carol Sergeant	3/3

1 Edmund Ng was appointed as a member of the Committee on 2 November 2017.
2 In addition to the scheduled meetings, two further meetings were held at short notice, one in September and one in October. All members except for David Shalders were able to attend the two additional meetings. Mr Shalders was unable to attend these meetings due to previous commitments relating to his external executive position.

How the Committee spent its time during the year
%



NED recruitment	25%
Executive director recruitment	25%
Succession planning	22%
Routine matters	13%
Governance	9%
Election/Re-election of directors	6%

The Committee's terms of reference are available on the Company's website: **www.tpicap.com**

Dear shareholder,

I am pleased to have the opportunity of summarising the various matters that the Committee has been dealing with during a busy year.

Succession planning
An important responsibility of the Committee is to oversee succession planning. The Committee recognises the importance of succession, not only at Board level but at all levels of senior management, to ensure there is a talent pipeline to draw from.

At our meeting in March 2017, the Committee was joined by the Chief Executive and the Group Head of HR to review succession, talent development and recruitment initiatives – at broker level, through senior management levels and ultimately at Executive Director level. The meeting reviewed and discussed a formal senior management development programme and potential successors to those in the Global Executive Committee. There was also a detailed review of potential successors to the Executive Directors and any leadership development requirements identified for those individuals. During 2018, and beyond, the Committee intends to conduct a succession review twice a year.

Recruitment and appointment of directors
I advised in last year's report that a search would commence for two new Non-executive Directors, one from the Americas and another from Asia, to provide the Board with more global representation and cultural diversity. Early in 2017, the Committee considered candidates' other desirable attributes, and discussed the selection process, including the appointment of an independent recruitment consultant, Korn Ferry, which has no other connection with the Company.

Over the following months there was long-listing of candidates, then shortlisting, and interviews were conducted by the Chairman, Chief Executive and other Non-executive Directors before final selection. In the case of both searches, a considerable effort was made to ensure that the final shortlists included women. The Committee then recommended to the Board the appointment of Edmund Ng, who was appointed on 1 November 2017, and Michael Heaney, who was appointed on 15 January 2018.

The search is continuing for suitable candidates for the Executive Director position of Chief Financial Officer, following Andrew Baddeley stepping down from the Board in November 2017.

As previously mentioned, Stephen Pull, chairman of the Remuneration Committee, will be retiring from the Board in the first few months of 2019. A search has begun recently for his replacement and we are considering appropriate further refreshment of the non-executive membership of the Board over the coming 12 to 24 months.

> "The transition to becoming a Nominations and Governance Committee will help us to ensure our Board is as effective as possible."

Induction
Each of the new Non-executive Directors received a comprehensive induction programme. Prior to their first meetings, each was taken through a briefing with external legal advisers on Directors' duties, roles and liabilities. Each received access to the Board and Committee packs (including minutes and papers) from previous Board cycles, and had one-to-one induction meetings with GEC members and other senior managers, including the Company Secretary. Company constitutional, compliance and governance documentation, as well as information relating to the Group structure and the expenditure control framework, was also provided.

Governance
Towards the end of the year, the Committee recommended for adoption, and the Board approved, new Terms of Reference, which significantly widened the Committee's remit and responsibilities to include overseeing governance matters. This followed a review of how the governance framework might need to be organised and resourced, to ensure it was fit for the future, and recognising the benefits of a more focused forum – one with a comprehensive forward agenda mapping areas of significant change both in the corporate governance and the regulatory environment. I am convinced that the transition to becoming a Nominations and Governance Committee will help us ensure our Board is as effective as possible.

Election and re-election of Directors
The Committee takes into account the results of the evaluations of individual Directors (see page 58 for further information) to assist in determining whether to recommend to the Board the election or re-election of Directors at the Annual General Meeting, as required in accordance with the Company's Articles of Association. The Committee has considered the mix of skills and background of the members of the Board and considers that this mix is currently appropriate to the Company's requirements, subject to the points made earlier about further refreshing the Board over the coming 12 to 24 months. In particular, the Board exhibits gender and cultural diversity, and the range of skills and backgrounds encompasses commercial, operating, control, political and international attributes. Further information on the Board's approach to diversity can be found on page 53.

The Committee is pleased to recommend all Directors for election or re-election at the AGM in 2018.

Rupert Robson
Chairman
Nominations and
Governance Committee
13 March 2018

Key responsibilities of the Committee
The Board has delegated responsibility to the Committee for:

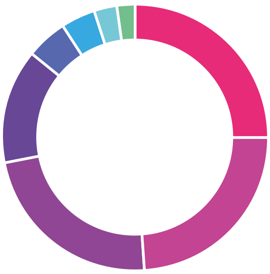
> reviewing the balance and skill, knowledge and experience of the Board, and considering membership of the Board Committees;
> overseeing Board and senior management succession planning processes;
> making recommendations to the Board on all proposed new appointments, elections and re-elections of Directors at AGMs;
> overseeing the Board performance review process;
> considering various governance matters, including compliance with the UK Corporate Governance Code;
> reviewing conflicts;
> considering social and environmental matters;
> reviewing the Company's code of conduct; and
> reviewing and approving the Company's share dealing code and related policies.

Report of the Audit Committee

Roger Perkin
Chairman, Audit Committee

Committee members	Meetings attended
Roger Perkin	4/4
Carol Sergeant	4/4
Angela Knight	4/4

How the Committee spent its time during the year
%



External auditor	25%
Internal auditor	24%
Annual reporting cycle	23%
Routine matters	14%
Ad hoc projects	5%
Governance	4%
Risk management and internal controls	3%
Tax matters	2%

"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."

The Committee's terms of reference are available on the Company's website: **www.tpicap.com**

Dear shareholder,

As Chairman of the Audit Committee, I am pleased to introduce this report setting out how we have discharged our 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.

We have focused on a number of key areas this year including the recruitment of a new Chief Internal Auditor, as well as continuing to assist the Board with integration matters. Further in this report, I give an update on the action the Committee has taken in relation to its significant judgements in connection with the 2017 financial statements and how the Committee made its 'fair, balanced and understandable' recommendation to the Board. I also provide regular reports to the Board on the activities of the Committee and how we have discharged our duties.

Effectiveness
I am pleased to say the Committee has continued to be effective throughout 2017, as reflected in the annual effectiveness review of our performance. The review did not identify any particular areas of concern. However, we are not complacent. In the coming year, for example, we will task internal audit under its new Head, with ensuring that management always takes full ownership and accountability for required improvements and to work with the Risk and Compliance functions to build a combined assurance map of the organisation. The Committee as a whole has solid recent and relevant financial experience and has competence relevant to the sector that the Company operates in.

Outside of formal Committee meetings, I engage regularly with members of financial and risk management, as well as with external and internal audit, both in the UK and our principal overseas locations. This reinforces my understanding of the challenges facing the Group.

Key responsibilities of the Committee
The Board has delegated responsibility to the Committee for:

> considering significant financial reporting judgements;
> reviewing the Annual Report and Financial Statements and half-year results;
> considering Group tax matters;
> reviewing the going concern and the longer term viability statement;
> reviewing the effectiveness of external audit;
> assessing external auditor independence;
> developing a policy for non-audit services provided by the external auditor;
> considering the effectiveness of the Group's systems of risk management and internal control, including all material controls;
> approving the internal audit's risk assessment, internal audit charter and annual audit plan;
> considering the results and findings of internal audit's work;
> reviewing the effectiveness of internal audit; and
> reviewing whistleblowing arrangements.

Financial reporting

The Committee has reviewed the integrity of the Consolidated Financial Statements included in the half year and year end announcements of results.

Significant financial reporting judgements in 2017

We considered a number of judgements in connection with the 2017 Consolidated Financial Statements.

These judgements, how the Committee addressed them and the conclusions we reached, are set out in the table below:

Judgement	Note	Action the Committee took	Conclusions
Finalising the accounting for the acquisition of ICAP	30	> Understood the judgements taken by management in finalising the accounting for the acquisition of ICAP as required by IFRS 3. > Considered whether the information provided to the Group's external valuation specialists was complete and accurate. > Reviewed the procedures performed by the external auditor, including the involvement of its own valuation specialists.	We are satisfied with the accounting for the acquisition of ICAP, including the related disclosures included in these financial statements.
Presentation of exceptional acquisition, disposal and integration-related items	2(c) and 6	> Challenged management on the rationale for exclusion of items from underlying results and ensured the subsequent presentation was appropriate. > Reviewed the Annual Report to ensure that undue prominence was not given to non-statutory measures in line with guidance from the European Securities and Markets Authority. > Sought the view of the external auditor and reviewed its procedures as set out in its report.	The Committee is satisfied that the definition and presentation of items excluded from underlying results were appropriate.
Impairment of goodwill and other intangibles	13	> Reviewed the basis on which goodwill was allocated to CGUs and discussed management's annual impairment assessment. > Considered the basis for determining the recoverable amount of each CGU. > Challenged the methodology and valuation assumptions used. > Considered whether the information provided to the Group's external valuation specialists was complete and accurate. > Reviewed the procedures performed by the external auditor, including the involvement of its own valuation specialist. > Considered whether management and the external auditor had examined potential stress outcomes, particularly in respect of sensitivities to a reasonably possible change in assumptions. > Reviewed the carrying amounts of other intangible assets and discussed management's annual review of impairment triggers.	The Committee is satisfied with the process undertaken, that no impairment charge is required in the year and that the disclosures are appropriate.
Accounting for the defined benefit pension scheme buy-in	3(y)	> Discussed the purchase of the bulk annuity policy and considered management's assessment of whether the purchase triggered the need for settlement accounting. > Considered the impact on the value of the scheme's assets. > Considered the facts and substance of the transaction. > Considered the work performed by the Group's external auditor.	The Committee is satisfied that the accounting for the buy-in is appropriate.

Report of the Audit Committee
continued

Fair, balanced and understandable

In addition, as requested by the Board prior to its approval, we have reviewed and considered the processes and controls in place to help ensure that the 2017 Annual Report presents a fair, balanced and understandable view of the business. When conducting these reviews, the Committee:

> examined the preparation and review process;
> considered the level of challenge provided through that process and whether the Committee agreed with the results; and
> considered the continuing appropriateness of the accounting policies, important financial reporting judgements and the adequacy and appropriateness of disclosures.

We concluded that the processes and controls were appropriate, and were therefore able to make the following assurance to the Board:

> in our 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, we advised the Board that it was appropriate for the Annual Report and Financial Statements to be prepared on a going concern basis. We 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

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. This helps ensure that the external auditor is able to operate effectively and challenge management sufficiently when required.

During the year as part of the 2017 effectiveness review of both the external auditor and the 2017 audit, the Committee considered:

> the quality of Deloitte's 2017 external audit;
> the effectiveness of the external audit process including the expertise, efficiency, global service delivery and cost effectiveness of the auditor;
> the external auditor's plans and feedback from senior management; and
> effectiveness of management in relation to the timely identification and resolution of areas of accounting judgement, analysing those judgements, the quality and timeliness of papers, 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 Committee is pleased to report that the effectiveness review of the external auditor did not note any significant findings.

In addition, the Committee concluded that the 2017 external audit had been effective.

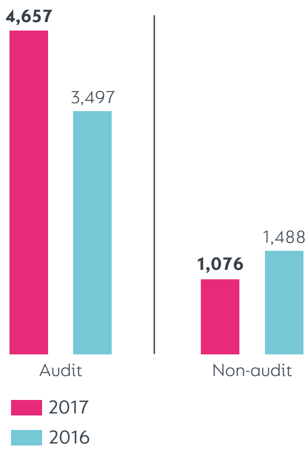
Independence and non-audit services

When considering the 2017 Annual Report, the Committee reviewed the objectivity and independence of the external auditor. We also considered the professional and regulatory guidance on auditor independence and Deloitte's policies and procedures for managing independence. The Committee was satisfied with the auditor's representations.

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.

The Committee reviewed the level of fees paid to the external auditor for the various non-audit services provided during 2017 (which are disclosed in Note 6 to the Consolidated Financial Statements).

Audit and non-audit fees



During the period under review, the non-audit services performed by the external auditor amounted to £1.08m, 19% compared to the £4.66m of audit fees. Non-audit services primarily relate to regulatory reporting, the interim review of the Group's half year financial statements and audits of subsidiary financial statements not mandated by law. These services are typically, or required to be, performed by the external auditor. More information can be found in Note 6 to the Consolidated Financial Statements.

External audit tenders
Deloitte has been the Company's auditor since the listing of its predecessor company in 2001. 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 legal requirements and developments in best practice with regard to audit tender arrangements.

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 recommend to the Board the re-appointment of 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 2017.

Risk management and internal control
The Board is responsible for:

> setting the Group's risk appetite;
> ensuring the Group has an appropriate and effective enterprise risk management framework ('ERMF'); and
> 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 on pages 36 to 41.

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 provide only reasonable and not absolute assurance against misstatement or loss.

The Audit Committee carried out an annual review of the effectiveness of the internal control and risk management systems and reported back to the Board to enable it to discharge its responsibilities. We conducted a formal review of the effectiveness of the Group's internal control systems for 2017, considering reports from management, external audit and the work of the Group Risk and Internal Audit functions. The process for identifying, evaluating and managing the principal risks faced by the Company is reviewed regularly by the Board and has been in place for the year under review and up to the date of approval of the Annual Report. It is also in accordance with the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

Internal audit
The Committee is responsible for monitoring and reviewing the effectiveness of the internal audit function. We approve the internal audit plan and keep it under review during the year, to reflect the changing business needs and to ensure it considers new and emerging risks.

During 2017, to ensure the audit plan had been completed effectively, the Committee reviewed:

> the work and reports of internal audit;
> how internal audit recommendations had been implemented; and
> monitored progress against the internal audit plan during 2017.

The Committee reviewed and approved the internal audit plan for the new internal audit year, running from 1 July 2017 to 30 June 2018, prepared by the Head of Internal Audit, and reviewed the work and reports of internal audit since 1 January 2017. Subsequent to the year end, the Committee has approved the updated internal audit plan for the combined business for the first half of 2018.

In addition to the review conducted last year, the Committee further considered the internal audit arrangements. The decision was made to move to a co-source arrangement with an in-house head of internal audit to work alongside the outsourced internal audit provider.

Consequently, we are also pleased to announce the appointment of Bernadine Burnell as our new Chief Internal Auditor. She has significant experience in leadership roles with a number of major financial institutions and, under her leadership, we expect our internal audit function to evolve alongside, and in response to, our growing business.

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 ensured that the policies remained in line with guidance published by the relevant statutory and regulatory regimes.

Roger Perkin
Chairman
Audit Committee
13 March 2018

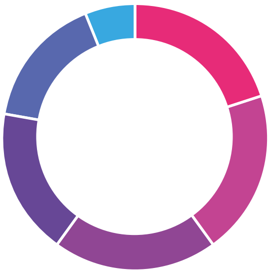
Report of the Risk Committee

Carol Sergeant
Chairman, Risk Committee

Committee members	Meetings attended
Carol Sergeant	5/5
Roger Perkin	5/5
David Shalders[1]	4/5
Edmund Ng[2]	1/1

1 David Shalders was unable to attend one meeting during the year due to previous commitments relating to his external executive position.
2 Edmund Ng was appointed as a member of the Committee on 1 November 2017.

How the Committee spent its time during the year
%



Routine matters	20%
Update from CRO	20%
Business risk reviews	20%
Legal and compliance update	18%
Challenge to business leaders	16%
Governance	6%

The Committee's terms of reference are available on the Company's website: **www.tpicap.com**

Dear shareholder,

As chairman of the Risk Committee, I am pleased to report how the Committee discharged its responsibilities during 2017. As I said last year, the Committee's role is not to eliminate risk, but to ensure that the risks TP ICAP takes in achieving its business objectives are reasonable and appropriate for the Group, can be managed and controlled within acceptable limits and are adequately supported by capital, liquidity, technology and skilled and committed people.

The work of the Risk Committee this year was dominated by integration and the need to respond to significant regulatory changes, notably MiFID II. At the same time the essential work on culture, conduct, and systems and process resiliency (including cyber risk) continued and we maintained our oversight of capital, liquidity and regulatory compliance. I am pleased to say that the organisation remained comfortably within risk appetite throughout this period, and in compliance with regulatory requirements.

Integration
The significant immediate integration risks (loss of key staff, client retention, operational issues, clarity of accountabilities, resource stretch, potential distraction from "business as usual") were regularly monitored and challenged. At the same time there was a major re-build of the Risk and Compliance infrastructure to meet the needs of the new enlarged organisation. This is ongoing. This was supported by a risk based review of the combined activities of TP and ICAP, with a particular focus on the more complex activities and those businesses and activities that were new to either of the predecessor organisations. The Committee reviewed and approved a new Enterprise Risk Management Framework and risk taxonomy; a new organisational structure and operating model for Risk and Compliance; a new suite of policies and risk appetites, taking the opportunity to improve and streamline the legacy policies of TP and ICAP; and considered the adequacy of resourcing of the Risk and Compliance functions post-merger. There was a strong focus on the underlying culture of the new organisation in order to build a solid foundation for risk and compliance, as well as the effectiveness of training and communication necessary to embed them and make them part of the DNA of TP ICAP.

A great deal has been achieved in 2017, but the focus will continue in 2018 to ensure that the new approach is fully embedded and working as intended. The key immediate risks of integration will also remain under close scrutiny as 2018 will likely see some of the more challenging aspects of the integration programme.

Regulatory changes
MiFID II has required significant changes to the way the Company operates and has been closely scrutinised by the Committee. It was made more challenging by the lack of regulatory clarity and certainty around some key aspects until fairly late in the process. However, as reported elsewhere, the necessary regulatory approvals were secured and TP ICAP is successfully operating 11 compliant trading venues. As I write this report, all of these trading venues are operating well. However it is early days and the Committee will continue to monitor MiFID II implementation closely to ensure that any snags that may arise are promptly and effectively addressed.

Although MiFID II was the dominant regulatory challenge in 2017, the Committee also spent time reviewing the Company's readiness for the General Data Protection Regulation ('GDPR') and the Senior Managers and Certification Regime ('SMCR'). I can report good progress on both of these initiatives.

Finally it is worth noting that in addition to the continuing enhanced supervision that regulators world-wide are implementing in the financial services industry in general, the merger of TP and ICAP has made us the biggest in our industry and therefore inevitably subject to increased regulatory attention. The Committee is very conscious that the Company will be held to the highest regulatory standards and is mindful of this in our oversight and challenge.

Other key issues considered

IT and operational resilience were regularly on the agenda. We considered "end of life" systems issues and undertook a review of cyber risk, including an independent external review of the robustness of the Company's defences and a review of contingency planning in the event of a successful attack. In addition, the Company conducted a full crisis management simulation exercise hosted and observed by an external specialist consultancy on which the Committee received positive feedback.

As part of our work on culture and conduct we reviewed with HR how job descriptions, objective setting and performance scorecards incorporate appropriate assessment of cultural behaviours and compliance with risk and conduct requirements.

Capital and liquidity risk were examined regularly and showed that the Group had adequate capital and liquidity even in stressed scenarios.

We reviewed and responded to interactions and feedback from our regulators. I met with our lead regulator the Financial Conduct Authority last year and again this January, which enabled me to hear their views first hand and brief the Risk Committee accordingly.

Because of the workload associated with integration and MiFID II, our programme of more detailed business and cross functional reviews was somewhat curtailed , however we still managed to conduct in-depth reviews of the Energy business, the Exchange Give Up business model, client on-boarding processes, IT and Operations and the Risk and Compliance functions in Asia Pacific.

During the year the Risk Committee held meetings in Asia Pacific and the Americas alongside the Board meetings in the regions, which gave us all the opportunity to meet with Risk, Compliance and business leaders in those regions, on a one to one basis.

I have continued to hold regular meetings with the Risk and Compliance staff in EMEA, based in the UK and took the opportunity of non TP ICAP related visits to Singapore and New York to spend time with the Risk, Compliance and Business staff there, including meeting a number of our new colleagues from ICAP. I have also spent time with our monitoring team and seen for myself the key monitoring tools in action. I was able to report positively to the Committee on the increasing effectiveness of the systems and the knowledge and experience of the monitoring team personnel. In 2018 I plan to attend and observe a meeting of each the key executive risk and compliance committees throughout the Group and report back to the Risk Committee.

Review of Committee effectiveness

As mentioned earlier in the Annual Report, the Board and Committees undertook an internally facilitated self-assessment, which for Risk included the non-executive committee members, other non-executive attendees and senior executives who regularly attend the Committee.

The Committee considered the evaluation report and concluded that the Committee is working well with no significant areas of concern but identified some areas of focus for the forthcoming year including:

> continuing to focus on cultural underpinnings for risk, conduct and compliance and ways to monitor corporate culture;
> developing the ways we systematically assess the risks in our corporate strategy; and
> continuing to focus on our technology and data security risks.

"There was a strong focus on the underlying culture of the new organisation in order to build a solid foundation for risk and compliance."

Report of the Risk Committee
continued

Conclusion
Overall I am satisfied with the developments and achievements this year and congratulate the executive team in particular on finding a good balance between the considerable demands of integration and MiFID II implementation and achieving successful outcomes for both in 2017.

I am grateful to Committee members for their contributions and support. Between them the Committee members have deep experience and knowledge in financial services, risk, compliance, regulation, IT , operations and audit, and with Edmund Ng and Michael Heaney joining the Committee, we will have the added benefit of first hand and current experience in Asia Pacific and the Americas.

But we are not complacent. We can always do better and the expectations of our various stakeholders are not diminishing. At our last meeting in 2017 we agreed a substantial work plan for 2018 which starts from a detailed bottom up risk mapping of all our businesses by type of activity and location. This will support more detailed work on risk costs and risk appetite, which should provide commercial as well as deeper risk insight benefits. There will also be significant new regulatory challenges to address.

Carol Sergeant
Chairman
Risk Committee
13 March 2018

Key responsibilities of the Committee
The Board has delegated responsibility to the Committee for:

> reviewing and reporting on the Group's risk appetite;
> overseeing the development, implementation and maintenance of the Group's risk management and compliance framework;
> reviewing new risk principles and policies;
> considering future and emerging risks and providing information and recommendations to the Board as appropriate;
> overseeing the independence and effectiveness of the Risk and Compliance functions;
> providing input to the Remuneration Committee on the alignment of remuneration to risk performance;
> considering the risks arising from any strategic initiatives and advising the Board accordingly;
> reviewing the appointment of the Chief Risk Officer; and
> reviewing the Group's culture monitoring arrangements.

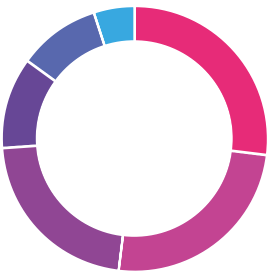
Directors' Remuneration Report

Stephen Pull
Chairman, Remuneration Committee

Committee members	Meetings attended[2]
Stephen Pull	4/4
Angela Knight	4/4
David Shalders	4/4
Edmund Ng[1]	1/1

1 Edmund Ng was appointed as director of TP ICAP plc on 1 November 2017.
2 In addition to the scheduled meetings, three further meetings were held at short notice, two in February and one in November. All members were able to attend the additional meetings.

How the Committee spent its time during the year
%



Executive director remuneration	27%
Governance	25%
Policy	22%
Senior management remuneration	11%
Routine matters	10%
Executive incentive schemes	5%

"Our remuneration policy, approved in 2017, aligns the interests of management and shareholders with the successful three-year integration of the TP ICAP businesses."

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 2017. The report comprises:

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

There will be an advisory vote on the 2017 Annual Report on Remuneration, together with this opening statement, at the AGM to be held in May 2018. The Directors' Remuneration Policy (the 'Policy') for 2017-2019 was approved at the 2017 AGM, and has been applied during the year. We have included the approved Policy in full on pages 83 to 86 of this report, for information.

Background
As disclosed in last year's DRR, the Committee undertook a fundamental review of the Directors' Remuneration Policy in light of the acquisition of ICAP.

A one-off, Transformation Long Term Incentive Plan ('Transformation LTIP') was introduced with demanding targets aligned to the three-year integration period to reward the Executive Directors for value created from the acquisition, with no further awards under the Long Term Incentive Scheme ('LTIS') over this period and reduced potential annual bonus payments. The integration is currently on track after year one of the three-year integration period, and is entering the challenging second phase. The Transformation LTIP was designed to drive sustained performance throughout the three years of the integration period.

In developing the Policy, the Committee took into account the fact that TP ICAP is the world's largest interdealer broker; the markets in which we operate are global and competition for talent is intense. Our principal competitors are BGC Partners Inc. and Compagnie Financière Tradition neither of which are listed on the UK stock market.

We are pleased to report that this Policy was approved by more than 89% of shareholders at the 2017 AGM. No changes to the Policy are proposed this year, as the integration of the two businesses continues to progress.

Performance and reward outcomes for 2017
Our Policy rebalances compensation towards long term performance, through the Transformation LTIP, with the annual bonus opportunity for Executive Directors substantially reduced. This is reflected in the reward outcomes for 2017. Our Chief Executive received an annual bonus for 2017 49% lower than for 2016 and our Chief Financial Officer received a bonus 35% lower than 2016 on an annualised basis. In each case, 50% of the gross bonus is awarded in shares with a three-year deferral period. The 2015 LTIS award will vest as to 61% out of a possible 75% arising from the TSR and cash flow measures. The remaining 25% of the award depends upon a comparative RoE metric and its percentage vesting will be determined during Q2 2018.

Financial performance for 2017 delivered an increase in underlying operating profit of 10%.

Directors' Remuneration Report continued

Looking ahead to 2018
John Phizackerley will receive a salary increase in line with the planned average percentage increase to the broader workforce of 3%, for 2018. The annual bonus will continue to be based on a scorecard of annual financial and strategic performance targets, aligned to the three-year integration plan, and conduct and risk KPIs. There are no changes to the maximum bonus opportunity of 2.5x base salary for the Chief Executive. 50% of the total bonus awarded will be deferred into shares vesting after three years. There will be no further long-term incentive awards during the operation of the Transformation LTIP.

As discussed in last year's Remuneration Report, the Transformation LTIP was also intended to reward Global Executive Committee ('GEC') members to ensure the GEC's long-term reward potential is aligned to the same overarching performance goals and behaviours as the Executive Directors. Accordingly, GEC members also participate in the Transformation LTIP and have received confirmation of their individual awards. Whilst the Transformation LTIP is the principal element of Executive Director remuneration, replacing the previous LTIS grants for the 2017-19 period, the Transformation LTIP is an additional remuneration element for GEC members and is therefore awarded at a substantially lower quantum.

Non-executive Director ('NED') fees were reviewed during the year. The NED base fee will remain unchanged for 2018. However the fees for chairing the Audit, Risk and Remuneration Committees have each been increased to £20,000 per annum effective 1 November 2017, and the Senior Independent Director fee has also been increased to £10,000 per annum. Fees of £10,000 per annum will be paid for membership of the Audit, Risk and Remuneration Committees. As we reported in last year's Annual Report, the Board decided to appoint new NEDs from Asia and from the Americas, and we were pleased to report the appointment of Edmund Ng as the new NED from Asia, and Michael Heaney from the Americas. The Board has introduced a fee supplement of £45,000 for the Asia and Americas NEDs to recognise the significant additional time commitment required of these NEDs in attending Board meetings. The Chairman's fees increased to £250,000 from £200,000 effective 1 November 2017. Increased fees reflect a significant increase in workload and followed an external benchmarking exercise.

The Board is currently in the process of considering candidates for the position of CFO and will announce the appointment in due course. Details of the CFO's remuneration will be included in next year's Directors' Remuneration Report.

Pension
There has been growing pressure from investors for downward alignment of pension allowances for Executive Directors with the broader workforce. At TP ICAP, Executive Directors are eligible for the same level of Company pension contributions as applies to other employees. Furthermore, where executives are unable to receive pension contributions due to HMRC limits, the Company's current practice is not to provide cash in lieu of pension, so the Chief Executive's current pension benefit is zero.

Departing Chief Financial Officer
As announced on 3 November 2017, Andrew Baddeley stepped down from the Board, and remained an employee for the first two months of his six month notice period to ensure a smooth transition whilst the search commenced for his replacement. Andrew left employment on 31 December 2017 (the 'Termination Date'). He was awarded a bonus for 2017, based on performance achieved, with 50% of the bonus deferred and awarded in shares with a three-year vest. He will also retain a time-reduced portion of his Transformation LTIP award, which will vest in 2020 subject to the performance conditions. His outstanding deferred bonus awards will vest at the normal time, and his outstanding 2016 LTIS award is time pro-rated in line with the rules of the plan and will vest in 2018 based on performance assessed to the Termination Date. Full details on the payments made to Andrew Baddeley are set out on pages 78 and 79.

How the Policy links to our strategy

Strategy

Successful integration of the TP ICAP business
- Realise significant cost synergies
- Create additional efficiencies
- Grow revenues
- Capitalise on brand
- Invest in talent

Short-term KPIs

Annual bonus
- Strategic Performance Target:
- Financial Metrics
  - Operating Profit
  - Returns (RoE)

Long-term KPIs

Transformation LTIP
- Share price growth and dividends
- Increased earnings per share

Key Remuneration Committee activities
The Committee's key activities during 2017 included the following:

> extensive consultation with shareholders and their agents in connection with the new Remuneration Policy (approved in May 2017);
> established the Deferred Bonus programme for Senior Management for 2017;
> formalised the Executive Director Bonus Plan to reflect the new Remuneration Policy;
> agreed and set specific 2017 Strategic Performance Objectives for each Executive Director in order to assess 25% of their 2017 Bonus;
> determined the financial metrics used to assess 75% of the Executive Directors' 2017 Bonus;
> approved the Plan Rules for the Transformation LTIP; and
> determined termination arrangements for the outgoing CFO.

The Committee continues to monitor developments in executive remuneration market practice and governance to ensure the Policy and practices take account of best practice and investor expectations. Over the coming year, the Board and the Committee will consider the impact on the Company of the proposed changes to the UK Corporate Governance Code and any secondary legislation introduced by the Government. The Company will also report its Gender Pay Gap data in line with the regulations.

We remain committed to maintaining an open and transparent dialogue with shareholders and look forward to your continued support of our Directors' Remuneration Report at the 2018 AGM.

Stephen Pull
Chairman
Remuneration Committee
13 March 2018

Governance

Key responsibilities of the Committee
The Board has delegated responsibility to the Committee 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 costs;
> reviewing remuneration policies to ensure compliance with corporate governance and regulatory requirements;
> ensuring implementation of Company's remuneration policies is subject to review;
> considering relationships between incentives and risk to ensure that risk and risk appetite are properly considered in setting remuneration policy;
> ensuring Executive Director remuneration is in line with the most recent Remuneration Policy;
> determining and approving the rules of any new employee share scheme or other equity based long-term incentive programme or any new performance related pay schemes and total annual payments under such schemes; and
> reviewing and approving after consultation with the Chief Executive, the level and structure of remuneration for senior management.

The Committee's terms of reference are available on the Company's website: **www.tpicap.com**

The Directors' Remuneration Report 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 Directors' Remuneration Report 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 Group Executive Committee (other than the Executive Directors) and the first level of management below that level including the direct reports to the Chief Information Officer, Global Head of Operations and Group CAO;

'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.

Directors' Remuneration Report
continued

Annual Report on Remuneration (audited)

The Annual Statement made by the Remuneration Committee Chairman on pages 69 to 71 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report on pages 72 to 89 is audited except where stated.

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

The single total remuneration for each of the Directors who held office during the year ended 31 December 2017 was as follows:

	Salaries and fees		Benefits[8]		Bonus		LTIS		Pension		Total	
	2017 £000	2016 £000	2017 £000	2016 £000	2017[1] £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Executive Directors												
John Phizackerley	600	550	1	1	1,320	2,609	403[7]	221[6]	–	–	2,324	3,381
Andrew Baddeley[2]	354	253	1	1	559	649	–	–	–	–	914	903
Paul Mainwaring[3]	–	123	–	1	–	–	–	98[9]	–	–		222
Non-executive Directors												
Rupert Robson[4]	208	200	–	–	–	–	–	–	–	–	208	200
Angela Knight	69	65	–	–	–	–	–	–	–	–	69	65
Roger Perkin	73	70	–	–	–	–	–	–	–	–	73	70
Stephen Pull[5]	72	70	–	–	–	–	–	–	–	–	72	70
David Shalders	63	60	–	–	–	–	–	–	–	–	63	60
Carol Sergeant	73	70	–	–	–	–	–	–	–	–	73	70
Edmund Ng	21	–	–	–	–	–	–	–	–	–	21	–
	1,533	1,461	2	3	1,879	3,258	403	319	–	–	3,817	5,041

1 50% of the bonus is subject to deferral in ordinary shares as detailed in the 2017 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. Andrew stepped down from the Board on 3 November 2017 and the table reflects his remuneration until this date.
3 Stepped down from the Board on 6 May 2016.
4 In addition he received £5,000 as a pension trustee.
5 In addition he received £5,000 as a pension trustee.
6 Based on performance to 31 December 2016 for the 2014 LTIS award. Payment in respect of total shareholder return ('TSR') and Cash Flow performance metrics was disclosed in the 2016 report. RoE was tested in June 2017, and there has been no change to the vesting reported in the 2016 Annual Report. Further details are set out on page 76.
7 Based on TSR and Cash Flow performance to 31 December 2017 for the 2015 LTIS award. Performance against the RoE metric will be assessed in Q2 2018 and any adjustments set out in the 2018 report.
8 Benefits include health and risk benefits: private medical insurance, group life assurance and group income protection.
9 Value of 2014 and 2015 LTIS vested. The award vested following the termination of employment on 30 June 2016.

Fixed remuneration (audited)

As stated in last year's DRR, the fixed remuneration of the Chief Executive, John Phizackerley, was increased following the acquisition to £600,000 effective from 1 January 2017. This reflected the increase in scope of his role, his strong performance over the previous two years and, took into account negligible benefits and no pension allowance. The Chief Executive's fixed remuneration remains significantly below market competitive levels.

Andrew Baddeley, the Chief Financial Officer, also received an increase in salary to £425,000 effective from 1 January 2017 in view of the changes to his role following the acquisition.

For 2018, the Chief Executive's base salary has been increased by 3%, in line with the planned average percentage salary increase to the broader workforce, to £620,000 effective from 1 January 2018.

Executive	Base salary effective from 1 January 2017	Base salary effective from 1 January 2018
John Phizackerley	£600,000	£620,000

2017 annual bonus (audited)

For 2017, the annual bonus was based 75% on financial performance and 25% on strategic performance, with a maximum opportunity of 2.5 x base salary for the CEO and 2 x base salary for the CFO. Details of the 2017 financial measures and weightings, the targets set and performance against these targets are provided in the table below:

Financial performance measure	Weighting	Threshold performance target (25% of maximum)	Target performance target (60% of maximum)	Maximum performance target (100% of maximum)	Actual performance achieved	Payout (% of maximum)
Underlying Operating Profit	50%	£215m	£245m	£275m	£263m	42%
Return on Equity	25%	8%	9%	10%	9.7%	22%
Total for financial metrics						**64%**

Directors' Remuneration Report
continued

Details of the 2017 strategic objectives for each Executive Director, along with the corresponding performance assessment, are set out in the following tables:

CEO Strategic Objectives (unaudited)	Weighting[1]	Score	Assessment of performance
Oversee year one of the integration of the TP ICAP business with a specific focus on achieving the budgeted Group underlying profit margin	2%	2%	Provided strategic oversight for the integration; held GEC members accountable to achieve stretch targets for the year
Champion and develop the Institutional Services new business initiative with a compelling investment thesis and a clear path to revenue generation	2%	1.5%	Good progress made to establish clear strategic plan for implementation in 2018
Champion and develop the Data & Analytics business enhanced strategy with appropriate leadership selection and a clear path to value creation	2%	2%	Appointed a new Chief Executive for Data & Analytics business and supported the introduction of new products in the business
Evolve the Global Executive Committee to deliver a unified and effective best in class management structure	2%	2%	Streamlined the GEC membership with a specific focus on business leadership
Continue to drive the rebalancing of broker pay structure whilst investing in the next generation of brokers and enhancing diversity	2%	2%	Progressed targeted investment in the next generation of brokers while driving the initial steps to rebalance broker pay
Develop the Brexit strategy for TP ICAP	2%	1.5%	Appointed a senior sponsor and formed a committee to develop the Brexit strategy for the Group
Drive and continue to embed the right culture for the agreed future state for TP ICAP and personally demonstrate required Conduct and Behaviour standards	10%	10%	Outspoken champion for positive Culture and Conduct. Focused on driving the alignment of Culture and Conduct across the combined TP ICAP Group. Culture and Conduct standard bearer for the Company
Remuneration Committee Discretion	3%	3%	Excellent performance in unifying TP ICAP with common goals. Strong proponent for the hybrid voice broking industry
Total for strategic metrics	**25%**	**24%**	

1 Expressed in percentage points summing to 25% in total. 25% being the proportion of the total bonus determined by reference to non-financial metrics.

CFO Strategic Objectives (unaudited)	Weighting[1]	Score	Assessment of performance
Lead the year one overall integration project with a focus on driving a managed and cost efficient integration strategy across all regions	2%	2%	Strong performance in driving the integration strategy forward
Achieve refinancing of the Group's debt – Delivery of £500m of finance through issue of a bond targeting a 5-7 year duration and achieve interest cost saving	2%	2%	Achieved – oversubscribed
Lead finance team globally delivering the 2017 integration plan and realising synergies planned for 2017. Focus on team building both within the finance function and across the wider organisation including the finance team, other members of the GEC and the Board	2%	1%	Empowered the finance leadership team to determine the appropriate operating model and platforms
Guide the 2017 consensus – engage with analysts to ensure an orderly approach to understanding the first set of TP ICAP results for half and full year. Demonstrate clear ownership and understanding of the detailed financials for the combined Company	4%	2%	Engaged with analysts throughout the half-year process
Legal entity reorganisation project to deliver a detailed strategic plan to the Board. Create US consolidation group moving the ICAP companies to US hold-co optimising the funding structure. Liquidate as many companies as possible during 2017	4%	2%	Some progress made
Drive and continue to embed the right culture for the agreed future state for TP ICAP and personally demonstrate required Conduct and Behaviour standards	8%	4%	Contributed to the embedding of TP ICAP culture
Remuneration Committee Discretion	3%	2%	Recognition for additional responsibilities in acting as COO for the first part of the year
Total for strategic metrics	**25%**	**15%**	

1 Expressed in percentage points summing to 25% in total, 25% being the proportion of the total bonus determined by reference to non-financial metrics.

Directors' Remuneration Report
continued

The total bonus for each Executive Director for 2017 is therefore as follows (audited):

Measure	Weighting	CEO bonus (% MBO[1])	CFO bonus (% MBO[1])
Underlying Operating Profit	50%	42%	42%
Return on Equity	25%	22%	22%
Strategic Performance	25%	24%	15%
Total bonus:	**100%**	**88%**	**79%**

1 MBO = Maximum Bonus Opportunity.

50% of the total bonus for each Executive Director will be awarded in Company shares and deferred for three years.

Vesting of 2015 LTIS awards (audited)

In 2015, the Chief Executive was awarded an LTIS award with a face value of £654,545 and a normal vesting date of 30 June 2018. The portion of the 2015 LTIS for which the level of vesting can be determined is shown in the Remuneration table on page 72. The vesting conditions and performance against targets are 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	22nd out of 183 companies	100%
Average Cash Flow[2]	25%	£40m	£150m	£71m	46%
Return on Equity[3]	25%	Equal to IDB competitors' average	3 x IDB competitors' average	To be assessed Q2 2018	–
Total	**100%**				

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

The performance against the TSR and Cash Flow targets result in a payment of £402,708 to the Chief Executive to be made in 2018. Vesting for the RoE element will be measured in Q2 2018 once IDB competitors have released their accounts. The additional amount for this vesting will be shown in the 2018 Directors' Remuneration Report.

Update on vesting of 2014 LTIS awards (audited)

The CEO had a 2014 LTIS award measuring performance from 2014 to 2016. As disclosed in the 2016 Directors' Remuneration Report, the Relative TSR and Cash Flow measures partially vested (88.93% and 43.4% respectively). The Return on Equity (RoE) element was measured in June 2017 following the release of competitor accounts. RoE did not achieve the required minimum level. There was no change to the value vested under the 2014 LTIS as reported in the 2016 Annual Report.

Transformation LTIP Units awarded in 2017 (audited)

The Executive Directors were granted awards under the Transformation LTIP on 19 May 2017, vesting after three years on 19 May 2020 based on performance over the three-year integration period for Tullett Prebon and ICAP, from 1 January 2017 to 31 December 2019. The awards were granted over Units in a plan pool, the value of which is determined at the end of the performance period. To the extent that the awards vest, the Units will be converted into shares, at an average share price determined shortly prior to the vesting date.

The maximum available pool is £60 million, of which the CEO received a 25% interest and the CFO a 16% interest.

Executive Director	Nature of award	Number of units awarded	Threshold value (25% vesting)	Target value (50% vesting)	Maximum value (capped value at vesting)	End of performance period
John Phizackerley	Units	25,000	£3.75 million	£7.5 million	£15 million	31 December 2019[2]
Andrew Baddeley	Units	16,000	£2.4 million	£4.8 million	£9.6 million[1]	31 December 2019[2]

1 Under the terms of his termination agreement, Andrew Baddeley will receive a time reduced amount of 17% of his award (680 units at threshold, 1,360 units at target, and 2,720 units at maximum), subject to achievement of the performance conditions as detailed in the Rules of the Transformation LTIP.
2 End TSR is based on the average during the first quarter of 2020.

The performance conditions for the awards are as follows:

Performance measure	Weighting	Threshold performance target (25% vesting)[1]	Target performance target (50% vesting)[1]	Stretch performance target (100% vesting)[1]
Absolute TSR	75%	8% p.a.	11% p.a.	14% p.a.
Underlying EPS[2]	25%	48p	54p	60p

1 Straight-line interpolation applies in between level.
2 For the financial year ending 31 December 2019.

Once vested, Plan Units will be converted into fully paid ordinary shares in the capital of the Company. Any shares received will be subject to a post-vesting holding period of between one and three years from the date of grant following the vesting date of the Plan Units, as follows:

> one third of shares must be held for 1 year from the date the shares are granted
> one third of shares must be held for 2 years from the date the shares are granted
> one third of shares must be held for 3 years from the date the shares are granted

Malus (withholding) and claw-back (recovery) provisions apply to the awards for three years from vesting in exceptional circumstances, including a material misstatement of performance, a material misstatement of results, or gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance.

Directors' Remuneration Report
continued

Shareholding requirements (unaudited)
Half of the 2017 bonus awarded to each of the Executive Directors was deferred under the Executive Director Bonus Plan.

Executive 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 built up over a five year period.

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. 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.

Directors' interests (audited)
The interests (all beneficial) as at 31 December 2017 during the year in the ordinary share capital of the Company were as follows:

Director	Shares[1]
Rupert Robson	17,000
John Phizackerley	326,664
Andrew Baddeley[2]	40,000
Angela Knight	2,150
Roger Perkin	0
Stephen Pull	7,000
David Shalders	4,249
Carol Sergeant	9,038
Edmund Ng	0

1 There have been no changes to the holdings between 31 December 2017 and 13 March 2018.
2 Holding as at 31 December 2017.

Termination payments for Andrew Baddeley (audited)
As announced on 3 November 2017, Andrew Baddeley stood down as a Director of the Company with effect from 3 November 2017. Andrew Baddeley had a six-month notice period which commenced on 3 November 2017. He continued to work as an employee of the Company up to 31 December 2017, to ensure a smooth transition. Andrew Baddeley's employment with the Company ended 31 December 2017.

All payments are in line with the Company's stated Directors' Remuneration Policy (published in the 2016 Annual Report and set out on pages 83 to 86) and with Executive Directors' service agreements and loss of office entitlements on page 88 and were approved by the shareholders at the Annual General Meeting in May 2017.

Salary and accrued entitlements (audited)
Andrew Baddeley was paid in respect of accrued salary and contractual benefits up to and including 31 December 2017 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.

PILON (Payment in Lieu of Notice) (audited)
Andrew Baddeley was paid the sum of £170,441 in lieu of salary and contractual benefits he would have received during the remainder of his six-month contractual notice period (subject to deductions for income tax and national insurance contributions).

Annual bonus (audited)
Andrew Baddeley was eligible for a 2017 bonus, subject to assessment of performance, in accordance with the terms outlined in the Executive Directors Bonus Plan, as disclosed in this remuneration report.

Termination Payment (audited)
Andrew Baddeley was paid the sum of £90,000 by way of compensation for loss of employment and to mitigate any claims against the Company.

Long term incentive scheme ('LTIS') (audited)
Andrew Baddeley was granted an Award under the LTIS on 18 May 2016 with a maximum cash value of £245,455. The Remuneration Committee determined, pursuant to the rules of the LTIS, that the Award would vest once performance has been assessed following the Termination Date, subject to the applicable performance conditions measured to the Termination Date and reduction for time pro-ration from the date of Award to the Termination Date. Details of the performance outcome and vesting are shown in the table below.

			Performance against vesting conditions				
LTIS	Award Value	Award Date	Relative TSR (50%)	Average cash flow (25%)	Return on[2] Equity (25%)	Amount vested total	Amount vested pro-rated
2016[1]	£245,455	18 May 2016	100%	29.10%	TBD	£140,578	£73,130

1 Time apportionment 592 days/ 1,138 days.
2 RoE to be tested in Q2 2018.

Transformation Long Term Incentive Plan (audited)
Andrew Baddeley is a participant in the Transformation LTIP, which was approved by shareholders at the 2017 AGM, and which has a performance period covering the financial years 2017, 2018 and 2019. Awards under the Plan are due to vest in 2020. The Remuneration Committee has determined, in accordance with the Transformation LTIP Plan Rules, that, after application of time-reduction for Andrew Baddeley's reduced period of service during the three-year performance period, he shall retain 17% of the Transformation LTIP Units awarded to him. These Units remain subject to the normal performance conditions and the Normal Vesting Date under the Transformation LTIP Plan Rules.

Other (audited)
In addition, the Company made a payment to Andrew Baddeley's legal advisers of £7,500 plus VAT. Andrew Baddeley is also eligible for outplacement support with a value of up to £30,000 plus VAT.

Advice provided to the Remuneration Committee (unaudited)
Throughout 2017, 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 2017 amounted to £139,075 net of VAT. The Committee is satisfied that these fees are appropriate for the work undertaken. New Bridge Street provide no other services to the Company. New Bridge Street is appointed by the Remuneration Committee and is a signatory to the Remuneration Consultants Group Code of Conduct which requires New Bridge Street to provide objective and impartial advice. The Remuneration Committee has satisfied itself that the advice provided is independent and objective.

Allen & Overy LLP provided advice on law and regulation in relation to employee incentive matters. This firm also provided general legal advice to the Company.

Outside directorships (unaudited)
John Phizackerley does not have any outside directorships from which he received any remuneration in 2017. Andrew Baddeley was a Non-executive Director of Cobalt Insurance Holdings Ltd until 3 August 2017. He received remuneration from Cobalt Insurance Holdings Ltd of £14,000.

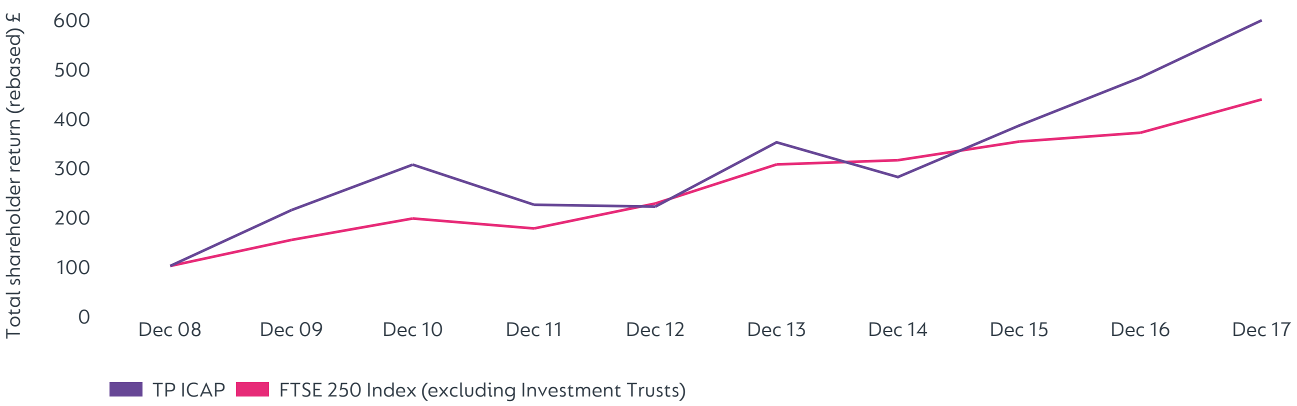
Directors' Remuneration Report
continued

Performance graph (unaudited)

A graph depicting the Company's TSR in comparison to other companies in the FTSE 250 index (excluding investment trusts) in the nine years to 31 December 2017 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 2017, 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 (unaudited)

Year ended	Name	Total Remuneration £000	Annual bonus % of max payout	LTI % of max vesting
31 December 2017	John Phizackerley[1]	2,324	88%	82%[5]
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[4]	3,153	N/A	–
31 December 2011	Terry Smith[4]	4,929	N/A	45%
31 December 2010	Terry Smith[4]	4,344	N/A	–
31 December 2009	Terry Smith[4]	4,652	N/A	–

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 2017 is estimated based on achievement against the TSR and Cash Flow elements.

Change in Chief Executive Remuneration (unaudited)

	% change Salary	% change Benefits	% change in annualised bonus payment
Chief Executive	9%	0%	(49%)
Senior Management[1]	3%	N/A	5%

1 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.

This table shows the change of the Chief Executive's fixed and variable remuneration compared on a like for like basis to Senior Management employed throughout 2016 and 2017.

As discussed in last year's Remuneration Report, the Chief Executive's salary was increased from £550,000 to £600,000 in light of his performance over the previous two years, his enlarged role following the acquisition of ICAP, and external market data. As the Chief Executive does not receive a pension allowance and benefits are negligible, the Chief Executive's total fixed pay remains significantly below the market median.

Relative importance of spend on remuneration (unaudited)

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

£m	2017	2016	% change
Employee remuneration[1]	1,134	568	100%
Shareholder dividends paid[2]	58	41	41%

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

Voting at the 2017 AGM (unaudited)

At the AGM held on 11 May 2017 the following votes were cast in respect of the Report on Directors' Remuneration and the Directors' Remuneration Policy:

	For		Against		Votes withheld
	Number	%	Number	%	Number
Approval of the Directors' Remuneration Report	463,702,135	98.66%	6,294,587	1.34%	7,349,418
Approval of the Directors' Remuneration Policy	422,340,996	89.07%	51,852,546	10.93%	3,152,598

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.

2018 AGM (unaudited)

Copies of the Executive Directors' service agreements and 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 2018 AGM.

Directors' Remuneration Report
continued

Implementation of Remuneration Policy in 2018 (unaudited)

Executive Directors

John Phizackerley received a salary increase in line with the average salary increase planned for the broader workforce of 3% for 2018. This moved his Base Salary to £620,000 effective 1 January 2018.

The annual bonus will continue to be based on the existing scorecard of financial and strategic performance targets aligned to the integration plan and conduct and risk KPIs, with no change to the maximum bonus opportunities of 2.5 x base salary and 2 x base salary for the Chief Executive and CFO respectively. The split between financial and strategic performance targets will, for 2018, be 70% financial targets and 30% strategic targets. Details of targets will be disclosed retrospectively in the next Remuneration Report. 50% of the total bonus awarded will be deferred into shares vesting after three years.

There will be no further long-term incentive awards made to the CEO during the operation of the Transformation LTIP.

Details of the remuneration arrangements for any new CFO will be disclosed in next year's Remuneration Report, once appointed.

Non-executive Directors' fees (audited)

Non-executive Director ('NED') fees have been reviewed for 2018, having last been reviewed prior to the acquisition. The Chairman's fee increased to £250,000 effective 1 November 2017, the NED base fee remains unchanged, with increases made to additional Committee Chairman fees and introduction of Committee membership fees effective 1 November 2017. These changes take account of market levels and time commitment for the roles. Following the appointment of NEDs based in the Americas and in Asia, a supplemental fee has been introduced to recognise their additional time commitment and disturbance involved to attend meetings in London. The NED fees for 2018 are as follows:

Role	Fees from 1 November 2017	Fees up to 31 October 2017
Chairman	£250,000	£200,000
Base fee	£60,000	£60,000
Senior Independent Director	£10,000	£5,000
Chairman of the Audit, Risk and Remuneration Committees	£20,000	£10,000
Membership of the Audit, Risk and Remuneration Committees	£10,000	–
Overseas-based NED supplement	£45,000	N/A

Non-executive Directors' received no other benefits or other remuneration other than reimbursement of all reasonable and properly documented travel, hotel and other incidental expenses incurred in the performance of their duties and any tax and social costs arising thereon. NEDs based overseas will be reimbursed for reasonable costs of travel and accommodation for trips to London to attend Board meetings. Any UK tax liability thereon will be met by the Company.

Some Non-executive Directors acted as trustees of the Company's occupational pension scheme in 2017. They were entitled to an attendance fee of £1,000 per meeting for this role.

Directors' Remuneration Policy (unaudited)

The Directors' Remuneration Policy was approved by shareholders at the 2017 AGM and is included here for information only. The Remuneration Policy table applicable to 2016 can be found in previous copies of the Annual Report and Accounts.

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 also 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 and Accounts on pages 36 to 41. 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 also 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 Group'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.

Directors' Remuneration Report
continued

Policy table

The policy set out in this table was approved by 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 employees.	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's life assurance and income protection schemes. 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 strategic and financial objectives. The strategic and financial 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 built up over a five year period.
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 cannot 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, Risk 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 strategic and financial targets will be set. The targets will include key financial metrics and applicable behavioural metrics. Achievement of on-target performance will result in 60% payout.	Malus and claw-back provisions apply to the whole annual bonus which enables the Committee to recoup payouts 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* * Original award is subject to time reduction following departure.	Absolute TSR and 2019 Underlying EPS metrics will apply. **TSR conditions[1] (75% of award)** Threshold: 8% CAGR increase (25% payout) Target: 11% CAGR increase (50% payout) Max: 14% CAGR increase (100% payout) **2019 underlying EPS[2] (25% of award)** Threshold: 48p (25% payout) Target: 54p (50% payout) Max: 60p (100% payout) Straight-line interpolation applies.	Malus and claw-back provisions apply to the Transformation LTIP which enables the Committee to recoup payouts 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.

Directors' Remuneration Report
continued

Policy on Directors' remuneration compared with employees generally (unaudited)
As a general rule, the same principles are applied to Directors' fixed remuneration, pension contributions and benefits as are applied to employees throughout the Group. 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, Senior 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 continued in 2016 and it has again been operated for the 2017 bonus year. Under this Plan, employees identified as Senior Managers had 20% of their discretionary 2017 bonus award deferred into equity for a three-year period. The grants of equity are expected to be made in Q2 2018 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. 112 employees participated in the 2017 Deferred Bonus Plan with participants located in London, New York, New Jersey, Paris, Frankfurt, Sydney and Singapore.

Throughout the annual discretionary bonus review cycle the Group General Counsel and Global Head of Compliance and the Chief Risk Officer are consulted in order to validate that there are no reasons why an employee ear-marked to received a bonus should have their bonus withheld.

The Remuneration Committee does not believe that a 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 (unaudited)
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.

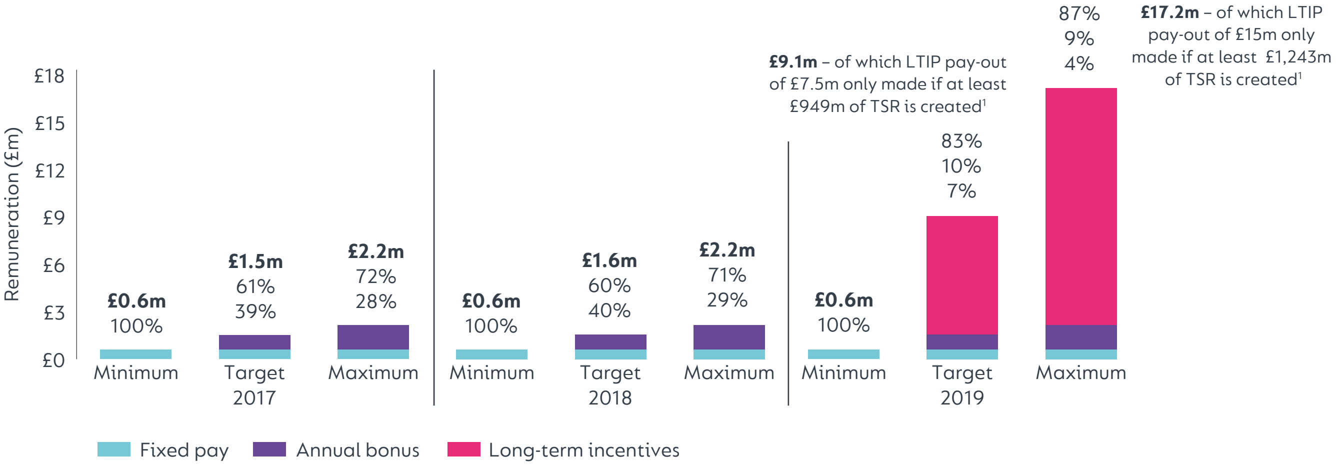
Remuneration policies for control functions (unaudited)
The Company's Remuneration Policy for Control Functions is that remuneration is adequate to attract qualified and experienced employees, is in accordance with the achievement of objectives linked to their functions, and is independent of the performance 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.

Illustration of the application of the Remuneration Policy (unaudited)

Total remuneration for the Chief Executive for a minimum, target and maximum performance for 2017, 2018 and 2019 is presented in the chart below:

Chief Executive

Opportunity under the Directors' Remuneration Policy – CEO (updated for 2018 base salary)



1 Based on illustrative base share price of £4.66.

> '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. There will be no share price growth as shares will be granted at vest.

Directors' Remuneration Report
continued

Executive Directors' service agreements and loss of office entitlements (unaudited)
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 a 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 a payment for 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 a 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 a payment for 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 Transformation LTIP, the full terms and conditions 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 Transformation 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 Transformation LTIP at the discretion of the Remuneration Committee. The time-reduced participation level will reflect the period of active employment from 1 January 2017 to the Termination Date subject to relevant shareholder and proxy guidelines. Any vesting will be subject to the performance conditions and shares awarded at the Normal Vesting Date subject to the Rules of the Transformation LTIP.

Non-executive Directors' appointment letters (unaudited)
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 (unaudited)

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. Ongoing 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
13 March 2018

Directors’ report

The Directors’ present their report together with the audited consolidated Financial Statements for the year ended 31 December 2017.

As permitted by legislation, the following statements required under company law, the UK Listing Authority’s Listing Rules, Disclosure Guidance and Transparency Rules are set out elsewhere in this Annual Report and are incorporated into this report by reference:

Disclosure	Location	Disclosure	Location
Board of Directors	Board of Directors (pages 50 and 51)	Human rights and equal opportunities	Strategic report (page 43)
Results for the year	Consolidated Income Statement (page 102)	Related party transactions	Note 36 to the Consolidated Financial Statements (page 151)
Dividends	Strategic report (page 1)	Business activities and performance	Strategic report (pages 18 to 35)
DTR 7 Corporate Governance Statement (excluding DTR 7.2.6, which is covered by this Directors’ Report)	Corporate governance report (pages 52 to 59)	Financial position	Strategic report (pages 18 to 35)
Directors’ share interests	Directors’ Remuneration Report (pages 69 to 89)	Key risk analysis	Strategic report (pages 36 to 41)
Financial instruments	Note 26 to the Consolidated Financial Statements (pages 134 to 138)	Loans and other provisions	Notes 23 and 24 to the Consolidated Financial Statements (pages 132 and 133)
Viability statement	Strategic report (page 35)	Issued Share Capital	Note 27 to the Consolidated Financial Statements (page 139)
Going concern statement	Strategic report (page 35)	Future developments	Strategic report (pages 12 to 17)
Principal risks and uncertainties	Strategic report (pages 38 to 41)	Statement of Directors’ responsibility	Page 94

Listing Rule 9.8.4 disclosure
The trustee of the Employee Benefit Trust waived its rights to receive dividends on shares held by them. Information regarding long-term incentive schemes is contained within the Directors’ Remuneration Report (pages 69 to 89) and incorporated into this report by reference. Otherwise than as indicated, there are no further disclosures to be made under Listing Rule 9.8.4.

Post balance sheet events
In January 2018, the Group announced the acquisition of SCS Commodities Corp (‘SCS’). Initial cash consideration was US$8m (£6m) and deferred contingent consideration is payable through to the third anniversary of completion. The acquisition includes 26 brokers who provide clients with continuous coverage of energy markets around the world including pre-trade intelligence and execution expertise of high volume trades, including blocks, inter-commodity spreads and complex option strategies. Further details regarding the transaction can be found in Note 30 (c) to the Financial Statements (page 143).

Directors
Each of the current Directors is included in the Biographies section of the Annual Report, set out on pages 50 and 51. Each of these Directors served throughout the year except for Edmund Ng who was appointed on 1 November 2017 as a Non-executive Director and Michael Heaney who was appointed as a Non-executive Director on 15 January 2018. Andrew Baddeley also served as a Director during the year, stepping down on 3 November 2017.

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 2017. 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 continue to serve must submit themselves for election or re-election by shareholders.

Share capital and control
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.

Restriction on transfer of securities and voting rights
There are no specific restrictions on the size of a holding nor on the transfer of shares, both of which are governed by the provisions in 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.

Powers of the Directors
As granted by shareholders at the 2017 AGM, the Directors have the authority to allot shares and to buy the Company's shares in the market. At the last AGM, resolutions were passed to authorise the Directors to allot up to a nominal amount of £92,355,445 (subject to restrictions specified in the relevant resolutions) and to purchase up to 55,413,267 ordinary shares. These authorities are set to expire so similar authorities will be proposed at this year's AGM.

At the date of this Annual Report, no shares had been purchased in the market under the authority granted at the 2017 AGM. The allotment and buy-back authorities will expire at the conclusion of the 2018 AGM or, if earlier, on 1 July 2018, 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.

Directors' Report
continued

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 is not aware of any other significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, 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.

Research and development

The Group uses various bespoke information technology in the course of its business and undertakes research and development in order to enhance that technology.

Substantial shareholders

As at 31 December 2017, and at the date of this Annual Report, the following table shows the holdings of the Company's total voting rights attached to the Company's issued ordinary share capital, that have been notified to the Company in accordance with DTR 5:

	31 December 2017 %	13 March 2018 %
Schroders plc	**9.86**	9.86
Jupiter Asset Management	**8.57**	8.57
Blackrock, Inc.	**7.32**	7.32
Old Mutual plc	**7.10**	7.10
Silchester International Investors LLP	**5.04**	5.04
Oppenheimer Funds, Inc.	**5.01**	5.01

Greenhouse gas emissions

TP ICAP, as an office-based business, is not engaged in activities that are generally regarded as having a high environmental impact. However, the Board has agreed that it will seek to adopt policies to safeguard the environment to meet statutory requirements or where such policies are commercially sensible.

The estimated Group greenhouse gas emissions for 2016 and 2017 are set out below:

	Tonnes of CO_2e	
	2017	2016
Combustion of fuel, vehicles, fugitive emissions (scope 1)	**3,377**	629
Purchased electricity (scope 2)	**10,722**	8,977
Total	**14,099**	9,606
Total emissions per employee	**2.7**	3.4

The emission statistics were calculated by Sustain Limited using the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition 2015)'. The analysis included all material sources of emissions for which the Group is directly responsible.

Scope 1 emissions are direct emissions including combustion of fuels and owned vehicles. Scope 2 emissions are indirect emissions resulting from generating electricity purchased for office buildings.

The estimate covers all TP ICAP operations that are consolidated in the financial statements. Data was collected for the Group's representative sites of different sizes in each region (approximately 56% of the total TP ICAP offices) and were used in an extrapolation exercise to estimate the consumption across the rest of the Group's global operations. Data was also collected for the Group's managed or owned transport activity. This activity data was then converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2017 and the International Energy Agency's Overseas Electricity factors for overseas electricity consumption.

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 2017, no political donations were made by the Group (2016: £nil).

Statement of Directors' responsibilities
The Directors' Statement regarding their responsibility for preparing the Annual Report is set out on page 94.

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/she ought to have taken as a Director in order to make himself/herself 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 12.45pm on 10 May 2018. Details of the resolutions to be proposed at the AGM are set out in a separate Notice of Meeting together with explanatory notes set out in a separate circular. The Notice of Meeting 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 8 May 2018 (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.

By order of the Board

Richard Cordeschi
Company Secretary
13 March 2018

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 International Accounting Standard ('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, IAS 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 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
13 March 2018

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

Report on the audit of the Financial Statements

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 2017 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 Financial Reporting Standard 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.

We have audited the Financial Statements of TP ICAP plc (the 'Parent Company') and its subsidiaries (the 'Group') which 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, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach	
Key audit matters	The key audit matters that we identified in the current year were: > Name Passing revenue; > impairment of goodwill and other intangibles; > finalisation of the provisional accounting for the ICAP acquisition; and > presentation and disclosure of Cost Improvement Programme ('CIP') and integration related items. Our key audit matters are consistent with the key risks identified in the prior year.
Materiality	The materiality that we used for the Group financial statements was £9.6m which was determined with reference to underlying profit before tax.
Scoping	Our Group audit scope focused primarily on eight locations with 30 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 Group's operating segments. These subsidiaries account for 99% of the Group's total assets, 98% of the Group's total liabilities, 88% of the Group's revenue and 85% of the Group's expenses.
Significant changes in our approach	There have been no significant changes to our audit approach compared to prior year.

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

Report on the audit of the Financial Statements

Conclusions relating to principal risks, going concern and viability statement	
Going concern We have reviewed the Directors' statement in Note 2(d) to the Consolidated 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 and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to add or draw attention to in respect of these matters.
Principal risks and viability statement Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: > the disclosures on pages 38 to 41 that describe the principal risks and explain how they are being managed or mitigated; > the Directors' confirmation on page 38 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; or > the Directors' explanation on page 35 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 are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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 page 110 and the business model on page 5.

Key audit matter 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 that are invoiced for the service provided by the Group. It accounts for a majority 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 due to potential fraud or error where the invoice becomes past due or where post year-end trade adjustments or credit notes arise.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation 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. We assessed the recognition of Name Passing revenue to ensure it was in line with the Group's accounting policy.

Key observations	Our testing of the effectiveness of internal controls over Name Passing invoicing and cash collection identified no issues. During 2017 the Group continued to implement improvements in controls over trade amendments. As the improved controls were not in place throughout the year and did not operate for all broking desks, 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 110.
Impairment of goodwill and other intangibles Refer to the summary of significant accounting policies on page 110, accounting estimates and judgements on page 116, the intangible assets arising on consolidation Note on page 124 and the other intangible assets Note on page 125.	
Key audit matter description	As required by IAS 36, goodwill and other intangible assets are reviewed for impairment at least annually. Determining whether the goodwill of £1,052m, other intangible assets arising on consolidation of £590m and other intangible assets of £69m 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 fair value less costs to sell approach was used to assess the recoverable amount of all CGUs. Both an income and market approach were used to estimate the fair value less costs to sell valuation. The income approach discounts expected future cash flows and requires the selection of suitable discount rates and forecast future growth rates and is therefore inherently subjective. The market approach uses a price-earnings multiple which is judgemental. The fair value less costs to sell of each CGU is sensitive to changes in underlying assumptions. No impairment was recorded in the year for any of the CGUs.
How the scope of our audit responded to the key audit matter	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, discount rates and price-earnings multiples 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 rates and price-earnings multiples to available external peer group data. As the impairment test using the income approach for the Asia Pacific CGU was sensitive to changes in the growth rate assumption and the Americas CGUs was sensitive to changes in the growth rate and discount rate assumptions, we assessed the point at which an impairment would occur and considered whether this was a reasonably possible change which required additional disclosure in the Financial Statements.
Key observations	We concluded that the Directors' impairment test was appropriate and that no impairment of goodwill and other intangibles has arisen. 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 and price-earnings multiples used by the Group are within a reasonable range of rates implied by both our internally derived discount rates and peer benchmarks. The growth rates used by management are reasonable. The Financial Statements disclose that, when using an income approach to estimate fair value less costs to sell, a reasonably possible change in the growth rate assumptions for the Asia Pacific CGU and the growth rate and discount rate assumption for the Americas CGU would result in the carrying value of these CGUs exceeding their recoverable amount. We consider that such disclosure is appropriate.

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

Report on the audit of the Financial Statements

Finalisation of the provisional accounting for the ICAP acquisition
Refer to the summary of significant accounting policies on page 110, accounting estimates and judgements on page 116 and the acquisitions Note on page 142.

Key audit matter description	The Group had a period of up to 12 months to finalise the accounting for the acquisition of ICAP in accordance with IFRS 3. The accounting has now been finalised and resulted in a restatement of the prior year balance sheet to recognise an increase of £19m in the fair value of assets acquired, an increase of £18m in the fair value of liabilities acquired and a net reduction in intangible assets arising on consolidation of £1m. As set out in Note 30, the increase in the fair value of assets acquired includes £3m in respect of the valuation of software and £18m for associates and joint ventures. The increase in the fair value of liabilities includes £13m for employee related provisions not previously recognised. The amounts are subject to estimation risk and there is a risk that the fair value adjustments are not complete. The Directors engaged external specialists to support their assessment of the valuation of software and associates and joint ventures.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of relevant controls relating to the finalisation of the provisional accounting for the ICAP acquisition. We audited the Group's finalisation of the accounting for the ICAP acquisition, specifically focusing on the valuation and completeness of fair value adjustments. Our audit procedures included: > assessing the objectivity and expertise of the Group's external specialist, meeting with them to discuss their approach and the findings within their final report; > engaging our own valuation specialists to challenge the methodology and assumptions used in the valuation of software and associates and joint ventures through comparison to industry practice; > re-performing the calculation of employee related provisions in accordance with the relevant recognition criteria and reconciling a sample of underlying inputs to internal records and third party evidence; and > testing the completeness and accuracy of information used in determining fair value adjustments. We have challenged whether further fair value adjustments are required to the assets and liabilities of ICAP by reference to the requirements of IFRS and our understanding of the ICAP balance sheet based on the known facts and circumstances.
Key observations	We considered the adjustments to the valuation of the software, associates and joint ventures and provisions to be appropriate. No further material fair value adjustments were identified through our testing.

Presentation and disclosure of CIP and integration related items
Refer to the basis of preparation Note 2(c) on page 108 and Note 6 on page 119.

Key audit matter description	The Group reports 'exceptional items' of £34m before taxation and 'acquisition, disposal and integration related items' of £127m before taxation of which £79m related to integration. Substantially all exceptional items are those related to the 2017 CIP. There is a risk that items that reflect the underlying performance of the Group are incorrectly presented as CIP 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 key audit matter	We assessed the design and implementation of relevant controls relating to the classification of items as CIP and integration related. For a sample of items we obtained supporting evidence to confirm whether the items related to CIP 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 CIP 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.

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	£9.6m (2016: £8.0m)
Basis for determining materiality and rationale for the benchmark applied	Last year, due to the timing of the ICAP acquisition, we determined materiality by considering both normalised underlying profit before tax and normalised net assets to reflect the enlarged size and scale of the combined balance sheet but there being no impact on profit. In 2017 we have reverted to using a purely profit based measure as a basis for determining materiality as we considered this to be the most appropriate. Profit is a key performance indicator of the Group and a key metric used by investors and analysts. For the 2017 Group Financial Statements, we have determined our materiality to be £9.6m on the basis of 5% of normalised[1] underlying profit before tax which equates to less than 1% of total equity.
Parent Company materiality	£4.8m (2016: £2.8m)
Basis for determining materiality and rationale for the benchmark applied	For the 2017 Parent Company Financial Statements, we have determined our materiality to be £4.8m on the basis of 50% of Group materiality because the Parent Company is in scope for our Group audit.

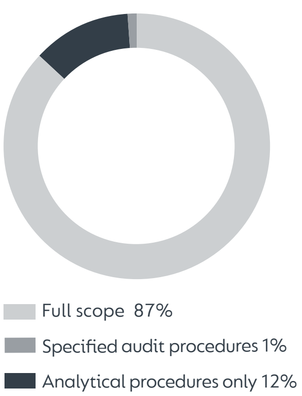
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2016: £0.4m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

An overview of the scope of our audit

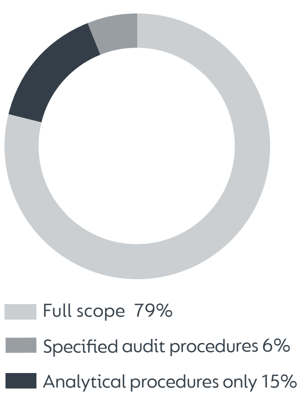
Our Group audit scope focused primarily on eight locations (2016: seven locations) with 30 subsidiaries (2016: 27 subsidiaries) subject to a full scope audit. The increase in the number of subsidiaries from the prior year reflects the increased number of entities in the Group and their relative contribution to revenue and profit; there are 15 legacy Tullett Prebon entities in scope for the Group audit and 15 ICAP entities.

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. These subsidiaries account for 99% (2016: 96%) of the Group's total assets, 98% (2016: 95%) of the Group's total liabilities, 88% (2016: 93%) of the Group's revenue and 85% (2016: 94%) of the Group's expenses. 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 £4.8m to £5.3m (2016: £2.8m to £4.4m).

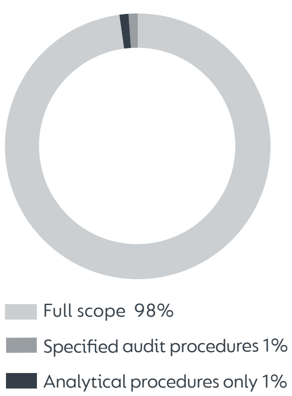
Revenue



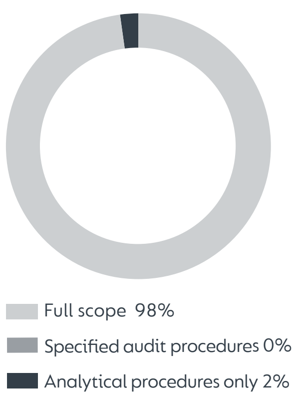
Expenses



Total assets



Total liabilities



1 We have determined normalised underlying profit before tax of £193m as underlying profit before tax of £233m less amortisation of intangible assets arising on consolidation of £40m. Amortisation of intangibles arising on consolidation is a recurring cost and therefore reflects ongoing business performance.

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

Report on the audit of the Financial Statements

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. 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 three other component auditors. The Group audit team maintained a 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report including the Strategic report and the Governance report, other than the Financial Statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

> Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and Financial Statements 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, is materially inconsistent with our knowledge obtained in the audit; or

> Audit Committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

> Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

> 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 Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or 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 in respect of these matters.

Other matters

Auditor tenure
We were first appointed as auditors by a predecessor company of the Company upon its listing in 2001, to audit its financial statements for the year ended 31 December 2001. Following a competitive tender process, we were reappointed as auditor for the Company for the year ended 31 December 2013 and subsequent periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ending 31 December 2001 to 31 December 2017.

Consistency of the audit report with the additional report to the Audit Committee
Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Robert Topley FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 March 2018

Consolidated Income Statement

for the year ended 31 December 2017

	Notes	Underlying £m	Acquisition, disposal and integration costs (Note 6) £m	Exceptional items (Note 6) £m	Total £m
2017					
Revenue	4	**1,757**	**–**	**–**	**1,757**
Administrative expenses		**(1,511)**	**(128)**	**(34)**	**(1,673)**
Other operating income	5	**17**	**1**	**–**	**18**
Operating profit	6	**263**	**(127)**	**(34)**	**102**
Finance income	8	**6**	**–**	**–**	**6**
Finance costs	9	**(36)**	**–**	**–**	**(36)**
Profit before tax		**233**	**(127)**	**(34)**	**72**
Taxation	10	**(61)**	**54**	**10**	**3**
Profit after tax		**172**	**(73)**	**(24)**	**75**
Share of results of associates and joint ventures		**12**	**–**	**–**	**12**
Profit for the year	6	**184**	**(73)**	**(24)**	**87**
Attributable to:					
Equity holders of the parent		**184**	**(73)**	**(24)**	**87**
Non-controlling interests		**–**	**–**	**–**	**–**
		184	**(73)**	**(24)**	**87**
Earnings per share					
– Basic	11	**33.3p**			**15.8p**
– Diluted	11	**32.7p**			**15.5p**
2016					
Revenue	4	892	–	–	892
Administrative expenses		(763)	(57)	(6)	(826)
Other operating income	5	3	–	4	7
Operating profit	6	132	(57)	(2)	73
Finance income	8	5	–	–	5
Finance costs	9	(15)	(6)	–	(21)
Profit before tax		122	(63)	(2)	57
Taxation	10	(22)	5	–	(17)
Profit after tax		100	(58)	(2)	40
Share of results of associates		4	–	–	4
Profit for the year	6	104	(58)	(2)	44
Attributable to:					
Equity holders of the parent		103	(58)	(2)	43
Non-controlling interests		1	–	–	1
		104	(58)	(2)	44
Earnings per share					
– Basic	11	42.5p			17.8p
– Diluted	11	41.0p			17.2p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Profit for the year		**87**	44
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	35	**(45)**	6
Taxation relating to items not reclassified	10	**16**	(2)
		(29)	4
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments			
– Revaluation gains		**–**	1
– Revaluation gains transferred to income statement		**(1)**	–
Effect of changes in exchange rates on translation of foreign operations		**(93)**	59
Taxation relating to items that may be reclassified		**–**	–
		(94)	60
Other comprehensive (loss)/income for the year		**(123)**	64
Total comprehensive (loss)/income for the year		**(36)**	108
Attributable to:			
Equity holders of the parent		**(35)**	107
Non-controlling interests		**(1)**	1
		(36)	108

Consolidated Balance Sheet

as at 31 December 2017

	Notes	2017 £m	2016 £m (restated)[1]
Non-current assets			
Intangible assets arising on consolidation	13	**1,642**	1,712
Other intangible assets	14	**69**	73
Property, plant and equipment	15	**38**	36
Investment in associates	16	**52**	52
Investment in joint ventures	17	**24**	28
Available-for-sale investments	18	**19**	23
Deferred tax assets	20	**2**	27
Retirement benefit assets	35	**57**	100
Other long term receivables	21	**19**	18
		1,922	2,069
Current assets			
Trade and other receivables	21	**34,690**	23,158
Financial assets	19	**139**	90
Cash and cash equivalents	32	**622**	696
		35,451	23,944
Total assets		**37,373**	26,013
Current liabilities			
Trade and other payables	22	**(34,681)**	(23,242)
Interest bearing loans and borrowings	23	**(12)**	(467)
Current tax liabilities		**(46)**	(41)
Short term provisions	24	**(42)**	(21)
		(34,781)	(23,771)
Net current assets		**670**	173
Non-current liabilities			
Interest bearing loans and borrowings	23	**(577)**	(80)
Deferred tax liabilities	20	**(116)**	(197)
Long term provisions	24	**(19)**	(22)
Other long term payables	25	**(43)**	(21)
Retirement benefit obligations	35	**(4)**	(3)
		(759)	(323)
Total liabilities		**(35,540)**	(24,094)
Net assets		**1,833**	1,919
Equity			
Share capital	27, 28(a)	**139**	139
Share premium	28(a)	**17**	17
Merger reserve	28(a)	**1,378**	1,378
Other reserves	28(b)	**(1,208)**	(1,111)
Retained earnings	28(c)	**1,494**	1,475
Equity attributable to equity holders of the parent	28(c)	**1,820**	1,898
Non-controlling interests	28(c)	**13**	21
Total equity		**1,833**	1,919

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

The Consolidated Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 13 March 2018 and are signed on its behalf by

John Phizackerley
Chief Executive

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	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
2017											
Balance at 1 January 2017	**139**	**17**	**1,378**	**(1,182)**	**2**	**75**	**(6)**	**1,475**	**1,898**	**21**	**1,919**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**87**	**87**	**–**	**87**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**(1)**	**(92)**	**–**	**(29)**	**(122)**	**(1)**	**(123)**
Total comprehensive (loss)/ income for the year	**–**	**–**	**–**	**–**	**(1)**	**(92)**	**–**	**58**	**(35)**	**(1)**	**(36)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(58)**	**(58)**	**(1)**	**(59)**
Own shares acquired for employee trusts	**–**	**–**	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Equity repayment to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Credit arising on share-based payment awards	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19**	**19**	**–**	**19**
Balance at 31 December 2017	**139**	**17**	**1,378**	**(1,182)**	**1**	**(17)**	**(10)**	**1,494**	**1,820**	**13**	**1,833**
2016											
Balance at 1 January 2016	61	17	179	(1,182)	1	16	–	1,448	540	2	542
Profit for the year	–	–	–	–	–	–	–	43	43	1	44
Other comprehensive income for the year	–	–	–	–	1	59	–	4	64	–	64
Total comprehensive income for the year	–	–	–	–	1	59	–	47	107	1	108
Dividends paid	–	–	–	–	–	–	–	(41)	(41)	(1)	(42)
Own shares acquired for employee trusts	–	–	–	–	–	–	(6)	–	(6)	–	(6)
Issue of ordinary shares	78	–	1,206	–	–	–	–	–	1,284	–	1,284
Share issue costs	–	–	(7)	–	–	–	–	–	(7)	–	(7)
Non-controlling interests arising on acquisitions	–	–	–	–	–	–	–	–	–	19	19
Credit arising on share-based payment awards	–	–	–	–	–	–	–	21	21	–	21
Balance at 31 December 2016	139	17	1,378	(1,182)	2	75	(6)	1,475	1,898	21	1,919

Consolidated Cash Flow Statement

for the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities	31	**87**	59
Investing activities			
(Purchase)/sale of financial assets		**(54)**	2
Sale of available-for-sale investments		**4**	–
Interest received		**3**	2
Dividends from associates and joint ventures		**13**	2
Expenditure on intangible fixed assets		**(26)**	(14)
Purchase of property, plant and equipment		**(15)**	(3)
Deferred consideration paid		**(4)**	(3)
Investment in associates		**(1)**	–
Acquisition consideration paid		**(5)**	–
Cash acquired with acquisitions		**1**	316
Net cash flows from investment activities		**(84)**	302
Financing activities			
Dividends paid	12	**(58)**	(41)
Dividends paid to non-controlling interests		**(1)**	(1)
Equity repayment to non-controlling interests		**(6)**	–
Share issue costs		**(7)**	–
Own shares acquired for employee trusts		**(4)**	(6)
Drawdown of revolving credit facility		**–**	140
Repayment of maturing Sterling Notes		**–**	(141)
Funds received from issue of Sterling Notes		**500**	–
Funds received from bank debt		**–**	470
Repayment of bank debt		**(470)**	–
Repayment of revolving credit facility		**–**	(140)
Repayment of loan acquired with ICAP		**–**	(330)
Debt issue and bank facility arrangement costs		**(3)**	(4)
Net cash flows from financing activities		**(49)**	(53)
Net (decrease)/increase in cash and cash equivalents		**(46)**	308
Net cash and cash equivalents at the beginning of the year		**696**	359
Effect of foreign exchange rate changes		**(28)**	29
Net cash and cash equivalents at the end of the year	32	**622**	696
Cash and cash equivalents		**622**	698
Overdrafts		**–**	(2)
Cash and cash equivalents at the end of the year		**622**	696

Notes to the Consolidated Financial Statements

for the year ended 31 December 2017

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 158. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 90 to 93 and in the Strategic report on pages 1 to 47.

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 million pounds (expressed as £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 2017

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 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 Strategic report on page 35.

(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:

> Annual Improvements to IFRSs (2014-2016 Cycle, relating to improvements effective from 1 January 2017);
> Amendments to IAS 7 'Cash flow statements' regarding disclosures; and
> Amendments to IAS 12 'Income Taxes' regarding the recognition of deferred tax assets for unrealised losses.

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'

The Group will apply IFRS 9 from 1 January 2018. The Group has elected not to restate comparatives on initial application of IFRS 9. The full impact of adopting IFRS 9 on the Group's consolidated financial statements will depend on the financial instruments that the Group has during 2018 as well as on economic conditions and judgements made as at the year end. The Group has performed a preliminary assessment of potential impact of adopting IFRS 9 based on the financial instruments as at 31 December 2017. The Group had no hedging relationships as at this date.

Classification and measurement

With respect to the classification and measurement of financial assets, the number of categories of financial assets under IFRS 9 has been reduced compared to IAS 39. Under IFRS 9 the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost, (ii) fair value through other comprehensive income ('FVTOCI') and (iii) fair value through profit or loss ('FVTPL'). Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

Under IFRS 9, financial assets can be designated as at FVTPL to mitigate an accounting mismatch.

In respect to classification and measurement of financial liabilities, changes in the fair value of a financial liability designated as at FVTPL due to credit risk are presented in other comprehensive income unless such presentation would create or enlarge an accounting mismatch in profit or loss.

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

Based on the Group's preliminary assessment there will be no impact on the classification and measurement of the Group's financial assets, except for assets that were classified as available-for-sale under IAS 39 which, at the date of initial application of IFRS 9, the Group has elected to apply the FVTOCI option.

There will be no change in the accounting for financial liabilities.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses are updated at each reporting date.

The new impairment model will apply to the Group's financial assets that are debt instruments measured at amortised costs or FVTOCI.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables and settlement balances, as required or permitted by IFRS 9.

With regards to financial assets, and cash and cash equivalents, the Group has determined that they have low credit risk as at 31 December 2017. The Group intends to apply the low credit risk simplification in IFRS 9 which allows the Group to assume that there has not been a significant increase in credit risk since initial recognition of these assets and therefore recognise a loss allowance for only 12-month expected credit losses as at 31 December 2017.

The application of the impairment requirements of IFRS 9 will not have a material impact on the Group's Consolidated Financial Statements.

Hedge accounting

Until the Group applies hedge accounting it does not anticipate that the application of the IFRS 9 hedge accounting requirements will have a material impact on the Group's Consolidated Financial Statements.

> IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 'Revenue' and related Interpretations. The Group is required to adopt IFRS 15 for the year ending 31 December 2018 and will adopt the modified retrospective approach without restatement of comparatives.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a five step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue as and when 'control' of the goods or services underlying a particular performance obligation is transferred to the customer. The Standard introduces prescriptive guidance and additional disclosure requirements.

The application of IFRS 15 will not significantly impact the amount or timing of the revenue recognised by the Group. Name Passing and Executing Brokerage will continue to be recognised at trade date. Revenue from the provision of Data & Analytics will continue to be recognised over the duration of the contract for the provision of those services.

> IFRS 16 'Leases'

IFRS 16 introduces comprehensive changes to the identification and accounting for leases. The Group currently expects to adopt the Standard for the year ending 31 December 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an asset is controlled by the customer. The distinction between operating leases and finance leases is removed. Instead, all leases, except for short-term leases and leases of low value assets, are recorded as a right-of-use asset with a corresponding liability.

The right-of-use asset is initially measured at cost and subsequently adjusted, subject to certain exceptions, for accumulated depreciation, impairment losses, and any remeasurement of the associated lease liability. The lease liability is initially measured at the present value of future lease payments and subsequently adjusted for interest, lease payments, and the impact of any lease modifications.

Lease cash flows, currently presented as operating cash flows, will be split into payments of principal and interest and will be presented as financing and operating cash flows respectively.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

As at 31 December 2017, the Group has non-cancellable operating lease commitments of £244m (Note 34). A preliminary assessment of these arrangements indicates that they meet the IFRS 16 definition of a lease and the Group would be required to apply the requirements of the Standard. Recognising right-of-use assets and related lease liabilities is expected to have a significant impact on the amounts recognised in the Group's Consolidated Financial Statements. The Directors are currently assessing the potential impact together with impact of the transitional options in IFRS 16. It is not practicable to provide a reasonable estimate of the financial effect until the Directors complete the review.

Other changes in Standards and Interpretations:

> Amendments to IFRS 2 'Share-based payment transactions' regarding the classification and measurement of share-based payment transactions; and
> Annual Improvements to IFRSs (2014-2016 Cycle, relating to improvements effective from 1 January 2018).

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

> Amendments to IAS 19: Plan Amendment, Curtailment or Settlement;
> Annual Improvements to IFRSs (2015-2017 Cycle);
> Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures;
> Amendments to IFRS 9: Prepayment Features with Negative Compensation;
> Amendments to IAS 40: Transfers of Investment Property;
> IFRIC 23 Uncertainty over Income Tax Treatments;
> IFRIC Interpretation 22 relating to foreign currency transactions and advance consideration; and
> IFRS 17 Insurance Contracts.

Other than where stated, the Directors do not expect the adoption of the above 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.

3. Summary of significant accounting policies continued

(b) Business combinations continued

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 based on financial information made up to 31 December each year 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.

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, based on financial information made up to 31 December each year. 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

3. Summary of significant accounting policies continued

(e) Goodwill continued

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.

(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.

3. Summary of significant accounting policies continued

(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'.

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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

3. Summary of significant accounting policies continued

(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 are primarily on a delivery vs payment basis ('DVP') and typically take 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.

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.

3. Summary of significant accounting policies continued

(r) Foreign currencies continued

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.

(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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

3. Summary of significant accounting policies continued

(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.

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of preparing the Financial Statements.

Pension bulk annuity

Judgement has been applied regarding the impact of purchasing the bulk annuity policy discussed in Note 35. This 'buy-in' has been accounted for in accordance with the requirements of IAS 19 'Employee Benefits'. As the actual purchase price of the policy was higher than the accounting value of the policy, a reduction in the Scheme's assets was recorded. It was determined that this reduction should be included within the Return on Scheme assets and reported as part of the Group's 'Remeasurement of defined benefit pension schemes' included within the Consolidated Statement of Comprehensive Income.

The following key assumptions concerning the future, and other sources of estimation uncertainty that may have a significant risk of material adjustment to the carrying amounts of assets and liabilities are discussed below.

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 valued 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.

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 estimates 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 acquisitions and related adjustments made during the year. A 5% increase in the value of separately identifiable intangibles arising on the acquisition of ICAP would have decreased goodwill by £24m.

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 and contingent liabilities

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. Judgement is required as to when contingent liabilities become disclosable and when a provision needs to be recognised. 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. Estimating potential legal outcomes is a significant area of estimation uncertainty. Note 24 and Note 33 provide details of the Group's provisions and contingent liabilities.

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'.

Revenue arising in each geographic reportable segment is derived from four business divisions; Global Broking, Energy & Commodities, Institutional Services, and Data & Analytics. Revenue for the year ended 31 December 2016 has been classified by business division having been previously reported by the former product groupings of 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 geographic segment

	2017 £m	2016 £m
Revenue		
EMEA	**877**	481
Americas	**628**	280
Asia Pacific	**252**	131
	1,757	892
Operating profit		
EMEA	**170**	98
Americas	**64**	18
Asia Pacific	**29**	16
Underlying operating profit	**263**	132
Acquisition, disposal and integration costs (Note 6)	**(127)**	(57)
Exceptional items (Note 6)	**(34)**	(2)
Reported operating profit	**102**	73
Finance income	**6**	5
Finance costs	**(36)**	(21)
Profit before tax	**72**	57
Taxation	**3**	(17)
Profit after tax	**75**	40
Share of results of associates and joint ventures	**12**	4
Profit for the year	**87**	44

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 £795m (2016: £423m) and the total revenue from other countries was £962m (2016: £469m).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

4. Segmental analysis continued

Other segmental information

	2017 £m	2016 £m
Capital additions		
EMEA – UK	**28**	15
Americas	**10**	1
Asia Pacific	**3**	1
	41	17

	2017 £m	2016 £m
Depreciation and amortisation		
EMEA – UK	**27**	10
EMEA – Other	**2**	1
Americas	**10**	4
Asia Pacific	**2**	1
	41	16

	2017 £m	2016 £m
Share-based compensation		
EMEA – UK (including £14m relating to acquisitions and integration (2016: £16m))	**16**	19
Americas	**2**	2
Asia Pacific	**1**	–
	19	21

	Non-current £m	Current £m	2017 £m	2016 £m (restated)[1]
Segment assets				
EMEA – UK	**1,132**	**4,874**	**6,006**	8,399
EMEA – Other	**40**	**151**	**191**	77
Americas	**526**	**30,279**	**30,805**	16,590
Asia Pacific	**203**	**147**	**350**	258
	1,901	**35,451**	**37,352**	25,324
Unallocated goodwill arising on acquisitions (Note 13)	**21**	**–**	**21**	689
	1,922	**35,451**	**37,373**	26,013

	Non-current £m	Current £m	2017 £m	2016 £m (restated)[1]
Segment liabilities				
EMEA – UK	**320**	**4,616**	**4,936**	7,699
EMEA – Other	**48**	**128**	**176**	50
Americas	**283**	**29,995**	**30,278**	16,197
Asia Pacific	**108**	**42**	**150**	148
	759	**34,781**	**35,540**	24,094

Segment assets and liabilities exclude all inter-segment balances.

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

4. Segmental analysis continued

Analysis by business division

	2017 £m	2016 £m
Revenue		
– Rates	**528**	215
– Credit	**117**	78
– FX & Money Markets	**218**	137
– Emerging Markets	**225**	94
– Equities	**182**	57
Global Broking	**1,270**	581
Energy & Commodities	**343**	244
Institutional Services	**32**	17
Data & Analytics	**112**	50
	1,757	892

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):

	2017 £m	2016 £m
Depreciation of property, plant and equipment (Note 15)	**12**	8
Amortisation of other intangible assets (Note 14)	**29**	8
Amortisation of intangible assets arising on consolidation (Note 13)	**40**	2
Staff costs (Note 7)	**1,153**	589
Net foreign exchange gains	**(1)**	(2)
Auditor's remuneration for audit services (see below)	**5**	4

Acquisition, disposal and integration costs comprise:

	2017 £m	2016 £m
ICAP acquisition costs	**–**	17
ICAP integration costs	**79**	19
Other acquisition costs	**1**	–
Acquisition related share-based payment charge	**9**	17
Amortisation of intangible assets arising on consolidation	**40**	2
Adjustments to acquisition consideration (Note 30(d))	**(1)**	2
	128	57
Other income	**(1)**	–
Finance costs (Note 9)	**–**	6
	127	63
Taxation	**(54)**	(5)
	73	58

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

6. Profit for the year continued

ICAP integration costs incurred in the year can be analysed as follows:

	2017 £m	2016 £m
Employee related costs	35	7
Share-based payment charge	5	–
Premises, equipment and other intangible assets	3	1
Other administrative costs	36	11
	79	19

Exceptional items comprise:

	2017 £m	2016 £m
Pension scheme settlement gain (Note 35)	–	(4)
Charge relating to cost improvement programmes	32	6
Charge relating to employee long-term benefits	2	–
	34	2
Taxation	(10)	–
	24	2

The analysis of auditor's remuneration is as follows:

	2017 £000	2016 £000 (restated)[1]
Audit of the Group's annual accounts	435	1,292
Audit of the Company's subsidiaries and associates pursuant to legislation	4,222	2,205
Total audit fees	4,657	3,497
Audit related assurance services[2]	999	353
Other assurance services[3]	77	73
Taxation compliance services	–	129
Other taxation advisory services	–	34
Corporate finance services[4]	–	899
Total non-audit fees	1,076	1,488
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	18	18

1 The comparatives for 2016 have been restated in line with the classifications set out in the Financial Reporting Council's Revised Ethical Standard 2016.
2 Audit related assurance services relate to services required by law or regulation, assurance on regulatory returns and review of interim financial information.
3 Other assurance services relate to non-statutory audits and other permitted assurance services.
4 In 2016, corporate finance services related primarily to the acquisition of ICAP, £200,000 relating to due diligence services and £600,000 as reporting accountants.

7. Staff costs

The average monthly number of full time equivalent employees and Directors of the Group was:

	2017 No.	2016 No.
EMEA	**2,338**	1,267
Americas	**1,674**	838
Asia Pacific	**1,116**	599
	5,128	2,704

The aggregate employment costs of staff and Directors were:

	2017 £m	2016 £m
Wages, salaries, bonuses and incentive payments	**1,039**	519
Social security costs	**82**	42
Defined contribution pension costs (Note 35(c))	**13**	7
Acquisition related share-based payment charge	**9**	17
Other share-based compensation expense	**10**	4
	1,153	589

8. Finance income

	2017 £m	2016 £m
Interest receivable and similar income	**3**	2
Deemed interest arising on the defined benefit pension scheme surplus (Note 35)	**3**	3
	6	5

9. Finance costs

	Underlying £m	Acquisition related £m	Total £m
2017			
Interest and fees payable on bank facilities	**4**	**–**	**4**
Interest payable on Sterling Notes June 2019	**4**	**–**	**4**
Interest payable on Sterling Notes January 2024	**24**	**–**	**24**
Other interest payable	**1**	**–**	**1**
Amortisation of debt issue and bank facility costs	**3**	**–**	**3**
Total borrowing costs	**36**	**–**	**36**
2016			
Interest and fees payable on bank facilities	4	3	7
Interest payable on Sterling Notes July 2016	5	–	5
Interest payable on Sterling Notes June 2019	4	–	4
Other interest payable	1	–	1
Amortisation of debt issue and bank facility costs	1	3	4
Total borrowing costs	15	6	21

Acquisition related items in 2016 included fees and interest incurred on facilities arranged in contemplation of the acquisition of ICAP.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

10. Taxation

	2017 £m	2016 £m
Current tax		
UK corporation tax	19	11
Overseas tax	13	5
Prior year UK corporation tax	–	–
Prior year overseas tax	(3)	–
	29	16
Deferred tax (Note 20)		
Current year	(32)	1
Prior year	–	–
	(32)	1
Tax (credit)/charge for the year	(3)	17

The (credit)/charge for the year can be reconciled to the profit in the income statement as follows:

	2017 £m	2016 £m
Profit before tax	72	57
Tax based on the UK corporation tax rate of 19.25% (2016: 20%)	14	11
Tax effect of expenses that are not deductible	9	9
Unrecognised timing differences	–	(8)
Prior year adjustments	(3)	–
Impact of tax rate change	(24)	–
Impact of overseas tax rates	1	5
Tax (credit)/charge for the year	(3)	17

The UK corporation tax rate for 2017 is 19.25% reflecting three months at 20% and nine months at 19% (2016: 20%).

The impact of tax rate change is a £24m reduction in the deferred tax liability that was recognised in relation to the intangible assets of £636m that arose on acquisition of ICAP, due to the reduction in the US federal rate of tax (Notes 20 and 30(a)).

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
2017			
Deferred tax credit relating to:			
– Decrease in the defined benefit pension scheme surplus	(16)	–	(16)
Tax credit on items taken directly to other comprehensive income and equity	(16)	–	(16)
2016			
Deferred tax charge relating to:			
– Increase in the defined benefit pension scheme surplus	2	–	2
Tax charge on items taken directly to other comprehensive income and equity	2	–	2

11. Earnings per share

	2017	2016
Basic – underlying	**33.3p**	42.5p
Diluted – underlying	**32.7p**	41.0p
Basic earnings per share	**15.8p**	17.8p
Diluted earnings per share	**15.5p**	17.2p

The calculation of basic and diluted earnings per share is based on the following number of shares:

	2017 No.(m)	2016 No.(m)
Basic weighted average shares[1]	**551.8**	242.3
Contingently issuable shares	**10.9**	9.1
Diluted weighted average shares[1]	**562.7**	251.4

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 as at 31 December 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:

	2017 £m	2016 £m
Earnings for the year	**87**	44
Non-controlling interests	**–**	(1)
Earnings	**87**	43
Acquisition, disposal and integration costs (Note 6)	**127**	63
Exceptional items (Note 6)	**34**	2
Taxation	**(64)**	(5)
Underlying earnings	**184**	103

12. Dividends

	2017 £m	2016 £m
Amounts recognised as distributions to equity holders in the year:		
Second interim dividend for the year ended 31 December 2016 of 11.25p per share	**27**	–
Interim dividend for the year ended 31 December 2017 of 5.6p per share	**31**	–
Final dividend for the year ended 31 December 2015 of 11.25p per share	**–**	27
Interim dividend for the year ended 31 December 2016 of 5.6p per share	**–**	14
	58	41

In respect of the current year, the Directors propose a final dividend of 11.25p per share amounting to £63m which will be paid on 17 May 2018 to all shareholders that are on the Register of Members on 6 April 2018. 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

13. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2017 (restated)[1]	**1,066**	**646**	**1,712**
Recognised on acquisitions	**21**	**3**	**24**
Amortisation of acquisition related intangibles	**–**	**(40)**	**(40)**
Effect of movements in exchange rates	**(35)**	**(19)**	**(54)**
At 31 December 2017	**1,052**	**590**	**1,642**
At 1 January 2016	347	10	357
Recognised on acquisitions – ICAP (restated)[1]	689	636	1,325
Recognised on acquisitions – other	4	–	4
Amortisation of acquisition related intangibles	–	(2)	(2)
Effect of movements in exchange rates	26	2	28
At 31 December 2016 (restated)[1]	1,066	646	1,712

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

Other intangible assets at 31 December 2017 represent customer relationships, £561m (2016: £607m), business brands and trade marks, £21m (2016: £28m), and other intangibles, £8m (2016: £11m) that arise through business combinations. Customer relationships are being amortised over 20 years.

Goodwill arising through business combinations is allocated to groups of individual cash-generating units ('CGUs'), reflecting the lowest level at which the Group monitors and tests goodwill for impairment purposes. The CGU groupings are as follows:

	2017 £m
CGU	
EMEA	**644**
Americas	**284**
Asia Pacific	**103**
Goodwill allocated to CGUs	**1,031**
Unallocated goodwill	**21**
	1,052

In 2016, goodwill was allocated to the Group's three regional operating segments, PVM and Brazil. During 2017, the PVM and Brazilian operations were integrated into the regional operating segments and the associated goodwill was reallocated to those segments.

The allocation of goodwill arising on the acquisition of ICAP (Note 30(a)) has been completed during 2017. This has been allocated to the three regional operating segments that are expected to benefit from the synergies of the combination.

As at 31 December 2017 the provisional amount of goodwill arising on the acquisition of COEX (Note 30(b)) was not allocated to a group of 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 2018. 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 is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD').

As at 31 December 2017 none of the Group's CGUs are impaired with the recoverable amount for each CGU having been based on its FVLCD. Two FVLCD valuation methods were used, an Income Approach and a Market Approach. Under both valuation approaches each CGU had a FVLCD in excess of its carrying value.

13. Intangible assets arising on consolidation continued

The key assumptions for the Income Approach are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future projections are based on the most recent financial budgets considered by the Board which are used to project cash flows for the next seven years. After this period a steady state cash flow is used to derive a terminal value for the CGU. Annual growth rates of 1.5% have been used for all CGUs with discount rates of 11% for EMEA, 12% for Americas and 13.5% for Asia Pacific. The calculations have been subject to stress tests reflecting reasonably possible changes in key assumptions. All CGUs are insensitive to reasonably possible changes in these assumptions except for Americas and Asia Pacific. Under this approach the recoverable amount for Americas exceeded its carrying value by £73m, which reduces to £nil if annual growth rates fall to negative 0.4% over the projected period, or if the discount rate increases to 13.8%. The recoverable amount for Asia Pacific exceeded its carrying value by £98m, which reduces to £nil if annual growth rates fall to negative 4.8% over the projected period, or if the discount rate increases to 19.8%. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

The Market Approach was based upon a price-earnings methodology using projected earnings for each unit. Approximate price earnings multiples, validated against independent analyst information were applied to each CGU. The multiples used for both 2018 and 2019 were in the range 11.0–14.2 times earnings. All CGUs are insensitive to reasonably possible changes in the assumptions used.

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2017 (restated)[1,2]	**19**	**99**	**118**
Additions	**–**	**26**	**26**
Amounts derecognised	**(1)**	**(10)**	**(11)**
Effect of movements in exchange rates	**–**	**(3)**	**(3)**
At 31 December 2017	**18**	**112**	**130**
Accumulated amortisation			
At 1 January 2017	**(6)**	**(39)**	**(45)**
Charge for the year	**(5)**	**(24)**	**(29)**
Amounts derecognised	**1**	**9**	**10**
Effect of movements in exchange rates	**1**	**2**	**3**
At 31 December 2017	**(9)**	**(52)**	**(61)**
Carrying amount			
At 31 December 2017	**9**	**60**	**69**
Cost			
At 1 January 2016	9	50	59
Additions (restated)[2]	5	9	14
Acquired with acquisitions – ICAP (restated)[1]	5	39	44
Amounts derecognised	(3)	(2)	(5)
Effect of movements in exchange rates	3	3	6
At 31 December 2016 (restated)[1,2]	19	99	118
Accumulated amortisation			
At 1 January 2016	(6)	(31)	(37)
Charge for the year	(2)	(6)	(8)
Amounts derecognised	3	2	5
Effect of movements in exchange rates	(1)	(4)	(5)
At 31 December 2016	(6)	(39)	(45)
Carrying amount			
At 31 December 2016 (restated)[1,2]	13	60	73

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).
2 Restated to reflect a reclassification between purchased and developed software.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2017	**38**	**68**	**106**
Additions	**2**	**13**	**15**
Disposals	**(1)**	**(5)**	**(6)**
Effect of movements in exchange rates	**(3)**	**(4)**	**(7)**
At 31 December 2017	**36**	**72**	**108**
Accumulated depreciation			
At 1 January 2017	**(19)**	**(51)**	**(70)**
Charge for the year	**(4)**	**(8)**	**(12)**
Disposals	**1**	**5**	**6**
Effect of movements in exchange rates	**2**	**4**	**6**
At 31 December 2017	**(20)**	**(50)**	**(70)**
Carrying amount			
At 31 December 2017	**16**	**22**	**38**
Cost			
At 1 January 2016	28	56	84
Additions	1	2	3
Acquired with acquisitions	6	5	11
Disposals	–	(2)	(2)
Effect of movements in exchange rates	3	7	10
At 31 December 2016	38	68	106
Accumulated depreciation			
At 1 January 2016	(15)	(42)	(57)
Charge for the year	(2)	(6)	(8)
Disposals	–	2	2
Effect of movements in exchange rates	(2)	(5)	(7)
At 31 December 2016	(19)	(51)	(70)
Carrying amount			
At 31 December 2016	19	17	36

No assets are held under finance leases.

16. Investment in associates

	2017 £m	2016 £m (restated)
At 1 January	**52**	6
Acquired with acquisitions – ICAP (restated)	**–**	43
Additions	**1**	–
Share of profit for the year	**9**	4
Dividends received	**(8)**	(2)
Effect of movements in exchange rates	**(2)**	1
At 31 December	**52**	52
Summary financial information for associates		
Aggregated amounts (for associates at the year end):		
Total assets (restated)	**250**	334
Total liabilities (restated)	**(92)**	(170)
Net assets (restated)	**158**	164
Proportion of Group's ownership interest	**47**	47
Goodwill	**5**	5
Carrying amount of Group's ownership interest	**52**	52
Aggregated amounts (for associates during the year):		
Revenue	**203**	48
Profit for the year	**28**	13
Group's share of profit for the year	**9**	4
Dividends received from associates during the year	**8**	2

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 results and assets and liabilities of associates are incorporated in these Financial Statements based on financial information made up to 31 December each year. No individual associate is material to the Group.

Country of incorporation and operation	Associated undertakings	Percentage held
Bahrain	ICAP (Middle East) W.L.L.	49%
China	Tullett Prebon SITICO (China) Limited	33%
England	Glia Ecosystems Limited	20%
India	Tullett Prebon (India) Limited[1] (formerly 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	32.1%
Spain	Corretaje e Informacion Monetaria y de Divisas SA	21.5%
United States	First Brokers Securities LLC[1]	40%

1 31 March year end.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

17. Investment in joint ventures

	2017 £m	2016 £m (restated)
At 1 January	28	–
Acquired with acquisitions – ICAP (restated)	–	28
Share of result for the year	3	–
Dividends received	(5)	–
Effect of movements in exchange rates	(2)	–
At 31 December	24	28
Summary financial information for joint ventures		
Aggregated amounts (for joint ventures at the year end):		
Total assets (restated)	17	21
Total liabilities (restated)	(5)	(5)
Net assets (restated)	12	16
Proportion of Group's ownership interest	5	8
Goodwill	19	20
Carrying amount of Group's ownership interest	24	28
Aggregated amounts (for joint ventures during the year):		
Revenue	14	–
Result for the year	6	–
Group's share of result for the year	3	–
Dividends received from joint ventures during the year	5	–

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. No individual joint venture is material to the Group.

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%

18. Available-for-sale investments

	2017 £m	2016 £m
At 1 January	**23**	8
Acquired with acquisitions – ICAP	**–**	13
Disposals	**(3)**	–
Revaluation in the year recognised in other comprehensive income	**(1)**	1
Effect of movements in exchange rates	**–**	1
At 31 December	**19**	23
Available-for-sale investments carried at fair value:		
– unlisted	**17**	17
– listed	**2**	3
Loans and receivables	**–**	3
	19	23

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

	2017 £m	2016 £m
Government securities	**86**	18
Term deposits	**41**	1
Restricted funds	**12**	71
	139	90

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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

20. Deferred tax

	2017 £m	2016 £m
Deferred tax assets	**2**	27
Deferred tax liabilities	**(116)**	(197)
	(114)	(170)

The movement for the year in the Group's net deferred tax position was as follows:

	2017 £m	2016 £m
At 1 January	**(170)**	(31)
Credit/(charge) to income for the year	**32**	(1)
Credit/(charge) to other comprehensive income for the year	**16**	(2)
Recognised with acquisitions – ICAP	**–**	(137)
Recognised with acquisitions – other	**2**	–
Effect of movements in exchange rates	**6**	1
At 31 December	**(114)**	(170)

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
2017						
Share-based payment awards	**2**	**–**	**–**	**–**	**–**	**2**
Defined benefit pension scheme	**(33)**	**(3)**	**16**	**–**	**–**	**(20)**
Tax losses	**–**	**2**	**–**	**–**	**–**	**2**
Bonuses	**19**	**(3)**	**–**	**–**	**–**	**16**
Intangible assets arising on consolidation	**(160)**	**34**	**–**	**–**	**7**	**(119)**
Other timing differences	**2**	**2**	**–**	**2**	**(1)**	**5**
	(170)	**32**	**16**	**2**	**6**	**(114)**
2016						
Share-based payment awards	–	–	–	2	–	2
Defined benefit pension scheme	(31)	(2)	(2)	2	–	(33)
Bonuses	–	1	–	18	–	19
Intangible assets arising on consolidation	–	–	–	(160)	–	(160)
Other timing differences	–	–	–	1	1	2
	(31)	(1)	(2)	(137)	1	(170)

At the balance sheet date, the Group has gross unrecognised temporary differences of £133m with the unrecognised net tax amount being £29m (2016: gross £135m and net tax £33m respectively). This includes gross tax losses of £119m with the net tax amount being £27m (2016: gross £101m and net tax £23m respectively), which are potentially available for offset against future profits. Of the unrecognised gross losses £83m (2016: £57m) are expected to expire within 20 years and £36m (2016: £44m) have no expiry. Deferred tax assets have not been recognised in respect of these items since it is not probable that future taxable profits will arise against which the temporary differences may be utilised.

A deferred tax asset of £2m (2016: £nil) in respect of tax losses has been recognised in 2017 as it was considered probable that future tax profits should arise.

In 2016 a deferred tax liability of £160m was recognised in relation to the intangible assets of £636m that arose on the acquisition of ICAP (Note 30(a)). The tax rate applied reflects the regional allocation of these assets. This deferred tax liability has reduced by £24m due to the reduction in the US federal rate of tax, with the rest of the reduction relating to amortisation of the intangible 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 £2m (2016: £2m) in respect of unremitted profits of subsidiaries of £23m (2016: £23m).

21. Trade and other receivables

	2017 £m	2016 £m (restated)[1]
Non-current receivables		
Other debtors	**19**	18
Current receivables		
Trade receivables (restated)[1]	**258**	248
Settlement balances	**33,640**	22,170
Deposits paid for securities borrowed	**681**	575
Financial assets at FVTPL	**12**	92
Financial assets (restated)[1]	**34,591**	23,085
Other debtors	**13**	15
Prepayments	**71**	48
Accrued income	**9**	6
Corporation tax	**2**	–
Owed by associates and joint ventures	**4**	4
	34,690	23,158

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

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 2017 trade receivables that were past due but not impaired were as follows:

	2017 £m	2016 £m (restated)[1]
Less than 30 days (restated)[1]	**130**	139
Between 30 and 90 days	**71**	68
Over 90 days	**57**	41
Trade receivables	**258**	248

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

Trade receivables are shown net of a provision of £6m (2016: £3m) against certain trade receivables due after 90 days.

As at 31 December 2017 settlement balances that were due and those that were past due but not impaired were as follows:

	2017 £m	2016 £m
Amounts not yet due	**33,348**	21,580
Amounts past due	**292**	590
Settlement balances	**33,640**	22,170

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’.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

22. Trade and other payables

	2017 £m	2016 £m (restated)[1]
Trade payables	**14**	16
Settlement balances	**33,622**	22,149
Deposits received for securities loaned	**687**	586
Financial liabilities at FVTPL	**12**	93
Financial liabilities	**34,335**	22,844
Tax and social security	**34**	29
Other creditors (restated)[1]	**15**	25
Accruals (restated)[1]	**281**	318
Deferred income	**2**	11
Deferred consideration (Note 30(d))	**12**	12
Owed to associates and joint ventures (restated)[1]	**2**	3
	34,681	23,242

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

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
2017			
Sterling Notes June 2019	**–**	**80**	**80**
Sterling Notes January 2024	**12**	**497**	**509**
	12	**577**	**589**
2016			
Bank loan due December 2017	467	–	467
Sterling Notes June 2019	–	80	80
	467	80	547

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 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 2017 their fair value (Level 1) was £84m (2016: £84m).

Sterling Notes: Due January 2024

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. At 31 December 2017 their fair value (Level 1) was £533m. Accrued interest at 31 December 2017 amounted to £12m.

Bank loan: Due December 2017

On the completion of the ICAP acquisition the Group drew on its £470m committed bridge financing facility. The proceeds were 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 £3m were incurred in 2016. The carrying amount of the bank loan approximated 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 2016, £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.

24. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2017				
At 1 January 2017 (restated)[1]	**9**	**5**	**29**	**43**
(Released)/charge to income statement	**(2)**	**32**	**1**	**31**
Utilisation of provision	**(2)**	**(10)**	**(1)**	**(13)**
Effect of movements in exchange rates	**–**	**–**	**–**	**–**
At 31 December 2017	**5**	**27**	**29**	**61**

	Property £m	Restructuring £m	Legal and other £m	Total £m
2016				
At 1 January 2016	6	21	2	29
Charge to income statement	1	3	2	6
Acquired with acquisitions – ICAP (restated)[1]	1	2	26	29
Utilisation of provision	–	(22)	(1)	(23)
Effect of movements in exchange rates	1	1	–	2
At 31 December 2016 (restated)[1]	9	5	29	43

	2017 £m	2016 £m (restated)[1]
Included in current liabilities	**42**	21
Included in non-current liabilities	**19**	22
	61	43

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

Property provisions outstanding as at 31 December 2017 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 nine years (2016: one to ten 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 five years.

Restructuring provisions outstanding as at 31 December 2017 relate to termination and other employee related costs. The increase during the year reflects the actions taken under the Group's cost improvement programme and from the integration of ICAP. It is expected that these obligations will be discharged during 2018.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain long-term employee benefits and non-property related onerous contracts. At present the timing and amount of any payments are uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next 25 years.

In February 2015 the European Commission imposed a fine of £13m (€15m) 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 the fine imposed by the European Commission has been appealed, seeking a full annulment of the Commission's decision. This is recognised as a provision of £13m as at 31 December 2017. In the event that the Commission imposes a fine in excess of €15m such excess will be borne by NEX Group plc ('NEX'). In November 2017, the European General Court granted a partial annulment of the Commission's findings. The Commission appealed this decision in February 2018 and IEL will serve its reply during April 2018.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

25. Other long term payables

	2017 £m	2016 £m
Accruals and deferred income	24	12
Deferred consideration (Note 30(d))	19	9
	43	21

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 35.

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.

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
2017				
Available-for-sale investments	**19**	**–**	**–**	**19**
Financial assets	**86**	**53**	**–**	**139**
Trade receivables	**–**	**258**	**–**	**258**
Settlement balances	**–**	**33,640**	**–**	**33,640**
Deposits paid for securities borrowed	**–**	**681**	**–**	**681**
Financial assets at FVTPL	**–**	**–**	**12**	**12**
Cash and cash equivalents	**–**	**622**	**–**	**622**
	105	**35,254**	**12**	**35,371**
2016				
Available-for-sale investments	20	3	–	23
Financial assets	18	72	–	90
Trade receivables (restated)[1]	–	248	–	248
Settlement balances	–	22,170	–	22,170
Deposits paid for securities borrowed	–	575	–	575
Financial assets at FVTPL	–	–	92	92
Cash and cash equivalents	–	696	–	696
	38	23,764	92	23,894

1 Restated to reflect the finalisation of the acquisition of ICAP (Note 30(a)).

Financial liabilities

Financial liabilities are all held at amortised cost.

	Amortised cost £m	Financial liabilities at FVTPL £m	Total £m
2017			
Sterling Notes June 2019	**80**	**–**	**80**
Sterling Notes January 2024	**509**	**–**	**509**
Trade payables	**14**	**–**	**14**
Settlement balances	**33,622**	**–**	**33,622**
Deposits received for securities loaned	**687**	**–**	**687**
Financial liabilities at FVTPL	**–**	**12**	**12**
	34,912	**12**	**34,924**
2016			
Bank loan due December 2017	467	–	467
Sterling Notes June 2019	80	–	80
Trade payables	16	–	16
Settlement balances	22,149	–	22,149
Deposits received for securities loaned	586	–	586
Financial liabilities at FVTPL	–	93	93
	23,298	93	23,391

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

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
2017		
Financial instruments at FVTPL	**12**	**(12)**
Related amounts not offset in the statement of financial position	**(12)**	**12**
Net position	**–**	**–**
2016		
Financial instruments at FVTPL	92	(92)
Related amounts not offset in the statement of financial position	(92)	92
Net position	–	–

As at 31 December 2016, £1m of financial liabilities held at FVTPL were not subject to offsetting arrangements. Their notional value was £49m.

(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 substantial 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.

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
2017					
Settlement balances	**33,622**	**–**	**–**	**–**	**33,622**
Deposits received for securities loaned	**–**	**687**	**–**	**–**	**687**
Financial liabilities at FVTPL	**6**	**6**	**–**	**–**	**12**
Trade payables	**14**	**–**	**–**	**–**	**14**
Sterling Notes January 2024	**13**	**13**	**105**	**539**	**670**
Sterling Notes June 2019	**–**	**4**	**82**	**–**	**86**
	33,655	**710**	**187**	**539**	**35,091**
2016					
Settlement balances	22,149	–	–	–	22,149
Deposits received for securities loaned	45	541	–	–	586
Financial liabilities at FVTPL	56	37	–	–	93
Trade payables	14	2	–	–	16
Bank loan due December 2017	472	–	–	–	472
Sterling Notes June 2019	–	4	86	–	90
	22,736	584	86	–	23,406

(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 for 2016) 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:

	2017		2016	
	USD £m	EUR £m	USD £m	EUR £m
Change in foreign currency financial assets and liabilities – profit or loss	**(5)**	**(3)**	(3)	(1)
Change in translation of foreign operations – equity	**(79)**	**(3)**	(31)	(1)

The Group would experience 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:

	2017		2016	
	+100pts £m	-100pts £m	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	**7**	**(7)**	4	(4)
– floating rate liabilities	**–**	**–**	(1)	–
Net income/(expense) for the year	**7**	**(7)**	3	(4)

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

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
2017				
Available-for-sale investments:				
– unlisted	**–**	**8**	**9**	**17**
– listed	**2**	**–**	**–**	**2**
Financial assets:				
– government securities	**86**	**–**	**–**	**86**
– financial assets at FVTPL	**–**	**12**	**–**	**12**
Financial liabilities:				
– financial liabilities at FVTPL	**–**	**(12)**	**–**	**(12)**
	88	**8**	**9**	**105**
2016				
Available-for-sale investments:				
– unlisted	–	8	9	17
– listed	3	–	–	3
Loans and receivables	–	–	3	3
Financial assets:				
– government securities	18	–	–	18
– financial assets at FVTPL	–	92	–	92
Financial liabilities:				
– financial liabilities at FVTPL	–	(93)	–	(93)
	21	7	12	40

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:

	2017 £m	2016 £m
Balance as at 1 January	**12**	8
Acquired with acquisitions – ICAP	**–**	8
Disposals	**(3)**	–
Transfers to level 2	**–**	(4)
Impairments	**(1)**	–
Effect of movements in exchange rates	**1**	–
Balance as at 31 December	**9**	12

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.

27. Share capital

	2017 No.	2016 No.
Allotted, issued and fully paid		
Ordinary shares of 25p		
As at 1 January	**554,132,671**	243,516,227
Issue of ordinary shares	**–**	310,616,444
As at 31 December	**554,132,671**	554,132,671

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
2017				
As at 1 January and 31 December 2017	**139**	**17**	**1,378**	**1,534**
2016				
As at 1 January 2016	61	17	179	257
Issue of ordinary shares	78	–	1,206	1,284
Share issue costs	–	–	(7)	(7)
As at 31 December 2016	139	17	1,378	1,534

Share capital/Merger reserve

On 30 December 2016 the Group issued 310,314,296 ordinary shares with a fair value of £1,283m to acquire the issued share capital of ICAP Global Broking Holdings ('ICAP'). The £1,206m difference between the nominal value of the shares issued and their fair value has been credited to the merger reserve in 2016. 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.

(b) Other reserves

	Reverse acquisition reserve £m	Revaluation reserve £m	Hedging and translation £m	Own shares £m	Other reserves £m
2017					
As at 1 January 2017	**(1,182)**	**2**	**75**	**(6)**	**(1,111)**
Revaluation of available-for-sale investments	**–**	**(1)**	**–**	**–**	**(1)**
Exchange differences on translation of foreign operations	**–**	**–**	**(92)**	**–**	**(92)**
Taxation on components of other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive (loss)/income	**–**	**(1)**	**(92)**	**–**	**(93)**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(4)**	**(4)**
As at 31 December 2017	**(1,182)**	**1**	**(17)**	**(10)**	**(1,208)**
2016					
As at 1 January 2016	(1,182)	1	16	–	(1,165)
Revaluation of available-for-sale investments	–	1	–	–	1
Exchange differences on translation of foreign operations	–	–	59	–	59
Taxation on components of other comprehensive income	–	–	–	–	–
Total comprehensive income	–	1	59	–	60
Own shares acquired for employee trusts	–	–	–	(6)	(6)
As at 31 December 2016	(1,182)	2	75	(6)	(1,111)

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

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 2017, £10m relates to amounts arising on previous net investment hedges (2016: £10m).

Own shares

As at 31 December 2017, the Tullett Prebon plc Employee Benefit Trust 2007 held 2,668,144 ordinary shares (2016: 1,927,575 ordinary shares) with a fair value of £14m (2016: £8m). During the year the Trust purchased 740,569 ordinary shares in the open market at a cost of £4m.

(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
2017						
As at 1 January 2017	**1,534**	**(1,111)**	**1,475**	**1,898**	**21**	**1,919**
Profit for the year	**–**	**–**	**87**	**87**	**–**	**87**
Revaluation of available-for-sale investments	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Exchange differences on translation of foreign operations	**–**	**(92)**	**–**	**(92)**	**(1)**	**(93)**
Remeasurement of defined benefit pension schemes	**–**	**–**	**(45)**	**(45)**	**–**	**(45)**
Taxation on components of other comprehensive income	**–**	**–**	**16**	**16**	**–**	**16**
Total comprehensive (loss)/income	**–**	**(93)**	**58**	**(35)**	**(1)**	**(36)**
Dividends paid	**–**	**–**	**(58)**	**(58)**	**(1)**	**(59)**
Own shares acquired for employee trusts	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Equity repayment to non-controlling interests	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Credit arising on share-based payment awards (Note 29)	**–**	**–**	**19**	**19**	**–**	**19**
As at 31 December 2017	**1,534**	**(1,208)**	**1,494**	**1,820**	**13**	**1,833**
2016						
As at 1 January 2016	257	(1,165)	1,448	540	2	542
Profit for the year	–	–	43	43	1	44
Revaluation of available-for-sale investments	–	1	–	1	–	1
Exchange differences on translation of foreign operations	–	59	–	59	–	59
Remeasurement of defined benefit pension schemes	–	–	6	6	–	6
Taxation on components of other comprehensive income	–	–	(2)	(2)	–	(2)
Total comprehensive income	–	60	47	107	1	108
Dividends paid	–	–	(41)	(41)	(1)	(42)
Own shares acquired for employee trusts	–	(6)	–	(6)	–	(6)
Issue of ordinary shares	1,284	–	–	1,284	–	1,284
Share issue costs	(7)	–	–	(7)	–	(7)
Non-controlling interests arising on acquisitions	–	–	–	–	19	19
Credit arising on share-based payment awards (Note 29)	–	–	21	21	–	21
As at 31 December 2016	1,534	(1,111)	1,475	1,898	21	1,919

29. Share-based payments

Share option awards

During 2016, share options over 302,148 shares, awarded under the Group's equity-based long term incentive plan, the Tullett Prebon Long Term Incentive Plan, were exercised. No further awards remain outstanding.

Senior Manager Deferred Bonus Plan

Annual awards are made under the Group's Senior Manager Deferred Bonus Plan that commenced in 2015.

Under this Plan, employees identified as Senior Managers have 20% of their annual discretionary bonus awarded in deferred shares. These awards will be settled with TP ICAP plc shares and are subject to the completion of service conditions and the fulfilment of other conduct requirements. The number of shares in respect of a bonus year is 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 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 eligible employees. The Special Award will vest in May 2018.

Awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

	2017 No.	2016 No.
Outstanding at the beginning of the year	**1,780,285**	–
Granted during the year	**740,570**	1,783,888
Expired during the year	**–**	(3,603)
Settled during the year	**–**	–
Outstanding at the end of the year	**2,520,855**	1,780,285

At the year end closing share price of 532p the estimated total number of deferred shares for the 2017 bonus year was 1,093,936.

Executive Director Deferred Bonus Plan

Annual awards are made under the Group's Executive Director Deferred Bonus Plan that commenced in 2017.

The Group's Executive Directors have 50% of their annual discretionary bonus awarded in deferred shares. These awards are subject to the completion of service conditions and the fulfilment of other conduct requirements and will be settled with TP ICAP plc shares. The number of shares in respect of a bonus year is determined after the close period for that year at the market price, and vest three years from the date of the grant. The fair value of the 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.

Awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

At the year end closing share price of 532p the estimated total number of deferred shares for the 2017 bonus year was 165,414.

Transformational Long Term Incentive Plan

The Transformational Long Term Incentive Plan commenced in 2017 as a one-off long-term plan aligned to the three-year integration period for Tullett Prebon and ICAP (January 2017 – December 2019). Awards are allocated between the Executive Directors and members of the Group's Global Executive Committee. At the end of the performance period, the LTIP pool will be determined, based on absolute TSR and EPS performance, and converted into awards of shares. Shares will be subject to a holding period and will be released one third in April 2021, one third in April 2022 and one third in April 2023. During the holding period, the shares cannot be sold (other than to cover the cost of any applicable taxes).

Awards will be settled by the issue of new shares.

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. In November 2017 the service term and revenue performance targets were fulfilled. The amount due is US$51m (£38m) which has been recognised as a share-based expense, through the income statement and equity, over the three year service term. The obligation will be settled in early 2018.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

29. Share-based payments continued

	2017 £m	2016 £m
Charge arising from the Senior Manager Deferred Bonus Plan	4	4
Charge arising from the Executive Director Deferred Bonus Plan	1	–
Charge arising from the Transformational Long Term Incentive Plan	5	–
Charge arising from acquisition related share-based payments	9	17
	19	21

30. Acquisitions

(a) Acquisition of 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 £1,283m, representing their market value at the date of issue. No further consideration is payable in respect of the acquisition.

The provisional fair values of ICAP's assets and liabilities at the date of acquisition were finalised as follows:

	Provisional Fair value £m	Amendments £m	Final Fair value £m
Net assets acquired			
Intangible assets relating to purchased and developed software	41	3	44
Property, plant and equipment	11	–	11
Investment in associates	45	(2)	43
Investment in joint ventures	8	20	28
Available-for-sale investments	13	–	13
Deferred tax assets	23	–	23
Trade and other receivables	13,670	(2)	13,668
Financial assets	67	–	67
Cash and cash equivalents	316	–	316
Total assets	14,194	19	14,213
Trade and other payables	(13,686)	(4)	(13,690)
Loans and borrowings	(330)	–	(330)
Current tax liabilities	(25)	1	(24)
Provisions	(14)	(15)	(29)
Retirement benefit obligations	(3)	–	(3)
Total liabilities	(14,058)	(18)	(14,076)
Net identifiable assets and liabilities	136	1	137
Non-controlling interests			(19)
Intangible assets arising on consolidation			
– Other intangible assets			636
– Deferred tax liabilities arising on other intangible assets			(160)
– Goodwill			689
Fair value of total consideration			1,283
Satisfied by:			
– Issue of ordinary shares			1,283

Note:

Due the size and complexity of the acquisition and its proximity to the 2016 year end the initial accounting for the acquisition was provisional at 31 December 2016. The principal adjustments on finalising fair values were:

(a) the identification of developed software and the finalisation the fair value resulted in a £3m increase.

(b) the finalisation of the fair values attributable to investments in associates and joint ventures resulted in a £2m reduction in associates and an increase of £20m in joint ventures.

(c) the fair value of trade and other receivables reduced by £2m.

(d) the finalisation of the review of trade and other payables, and tax obligations resulted in the identification of £3m of additional liabilities.

(e) the review of long-term employee related obligations resulted in provisions of £13m, together with other provisions of £2m.

30. Acquisitions continued

(a) Acquisition of ICAP continued

Intangible assets arising on consolidation, have been allocated to: the ICAP brand, £27m; the value of customer relationships, £598m; and other intangibles having finite lives, £11m. An associated deferred tax liability of £160m was 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 £689m has been recognised as goodwill, representing the value of the established workforce and the business's reputation.

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.

Indemnification assets of £16m, 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 have been recognised at fair value as such liabilities cannot be reliably measured. Should such contingent liabilities crystallise, a further indemnification asset would be recognised to the extent covered by the relevant indemnity.

Goodwill is not expected to be deductible for tax purposes and no associated deferred tax asset has been recorded.

ICAP was not reflected in the Group's results for 2016. Had ICAP been acquired on 1 January 2016 revenue would have been £795m higher, underlying operating profit £108m higher and underlying earnings £85m 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 £17m in 2016 and £12m in 2015. £7m of costs attributable to the issue of the ordinary shares have been expensed directly to equity.

(b) Acquisition of Coex Partners Limited

In November 2017, the Group announced the acquisition of Coex Partners Limited and its subsidiaries ('COEX'). Initial cash consideration was £4m and 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 £16m. Determining the fair value of deferred consideration requires an estimation of future profitability over the three year period which has been based on historical and forecast outcomes. A 10% increase in revenue would result in a £1m increase in deferred consideration. The actual outcome may differ from this estimate. The initial accounting for the acquisition is provisional due to the proximity to the year end. Provisional fair values of the net liabilities acquired were £3m. Intangible assets relating to customer relationships have been provisionally recognised at £3m together with £1m of associated deferred tax liabilities. Goodwill, representing the value of the established workforce and the business's reputation, amounted to £21m.

Had Coex been acquired on 1 January 2017 underlying operating profit would have been £3m higher and underlying earnings £2m higher. Acquisition costs, included in administrative expenses, amounted to less than £1m in 2017.

(c) Acquisition of SCS Commodities Corp

In January 2018, the Group announced the acquisition of SCS Commodities Corp ('SCS'). Initial cash consideration was US$8m (£6m) and 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 $4m (£3m). The estimated fair value of the net assets acquired were US$ 1m (£1m). Intangible assets, relating to customer relationships, are estimated to be $1m (£1m) with provisional goodwill, representing the value of the established workforce and the business's reputation, amounting to US$10m (£7m).

Acquisition costs, included in administrative expenses, amounted to less than £1m in 2017.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

30. Acquisitions continued

(d) 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 to profit or loss.

	2017 £m	2016 £m
At 1 January	21	16
Acquisitions during the year	16	3
Remeasurement (credit)/charge taken to operating profit	(1)	2
Cash paid	(4)	(3)
Effect of movements in exchange rates	(1)	3
At 31 December	31	21
Amounts falling due within one year	12	12
Amounts falling due after one year	19	9
At 31 December	31	21

31. Reconciliation of operating result to net cash from operating activities

	2017 £m	2016 £m
Operating profit	102	73
Adjustments for:		
– Share-based compensation expense	10	4
– Pension scheme's administration costs	1	1
– Depreciation of property, plant and equipment	12	8
– Amortisation of intangible assets	29	8
– Pension scheme settlement gains	–	(4)
– Acquisition related share-based payment charge	9	17
– Amortisation of intangible assets arising on consolidation	40	2
– Loss on derecognition of intangible assets	1	–
– Remeasurement of deferred consideration	(1)	2
– Gain on disposal of available-for-sale investments	(1)	–
– Non-cash movement in FVTPL balances	(1)	1
Increase/(decrease) in provisions for liabilities	18	(17)
Increase/(decrease) in non-current liabilities	11	(1)
Operating cash flows before movement in working capital	230	94
Increase in trade and other receivables	(48)	(18)
Increase in net settlement and trading balances	(6)	(2)
(Decrease)/increase in trade and other payables	(40)	23
Cash generated from operations	136	97
Income taxes paid	(27)	(17)
Interest paid	(22)	(21)
Net cash from operating activities	87	59

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
2017						
Cash	**657**	**(21)**	**–**	**–**	**(27)**	**609**
Cash equivalents	**41**	**(27)**	**–**	**–**	**(1)**	**13**
Overdrafts	**(2)**	**2**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**696**	**(46)**	**–**	**–**	**(28)**	**622**
Financial assets	**90**	**54**	**–**	**–**	**(5)**	**139**
Total funds	**786**	**8**	**–**	**–**	**(33)**	**761**
Bank loan due within one year	**(467)**	**470**	**(3)**	**–**	**–**	**–**
Notes – due within one year	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Notes – due after one year	**(80)**	**(497)**	**–**	**–**	**–**	**(577)**
Total debt	**(547)**	**(27)**	**(15)**	**–**	**–**	**(589)**
Total net funds	**239**	**(19)**	**(15)**	**–**	**(33)**	**172**
2016						
Cash	297	337	–	–	23	657
Cash equivalents	62	(26)	–	–	5	41
Overdrafts	–	(2)	–	–	–	(2)
Cash and cash equivalents	359	309	–	–	28	696
Financial assets	20	(3)	–	67	6	90
Total funds	379	306	–	67	34	786
Bank loan due within one year	–	(466)	(1)	–	–	(467)
Notes – due within one year	(141)	141	–	–	–	–
Notes – due after one year	(79)	–	(1)	–	–	(80)
Total debt	(220)	(325)	(2)	–	–	(547)
Total net funds	159	(19)	(2)	67	34	239

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 2017 cash and cash equivalents, net of overdrafts, amounted to £622m (2016: £696m). 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.

Non-cash items represent accrued interest and the amortisation of debt issue costs.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

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. In connection with the investigation, the Group has commenced its own review of the Group's previous systems and controls around gifts and hospitality.

Bank Bill Swap Reference Rate case

On 16 August 2016, a 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 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.

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Varoles Mobiliários Ltda ('ICAP Brazil') is a defendant in 19 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, including any potential social security tax liability, to be BRL 57m (£13m). The Group is covered by an indemnity from NEX in relation to any outflow in respect of materially all of these Labour claims in so far as they relate to periods prior to completion of the Group's acquisition of ICAP.

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 196m (£44m). The Group 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 2018.

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. In July 2017, the Court dismissed the claims against ICAP SEF (US) LLC and ICAP Global Derivatives Limited. No subsidiary of the Group is therefore currently named as a defendant in relation to this class action.

33. Contingent liabilities continued

LIBOR Class actions

The Group is currently defending two LIBOR related actions.

(i) Stichting LIBOR Class Action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited ('IEL') , ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters.

(ii) Swiss LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the 'Companies'). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (anti-trust) and RICO . The Companies intend to contest liability in the matter and to vigorously defend themselves. A briefing schedule has been agreed in connection with a motion to dismiss that the Companies intend to make on both jurisdictional and substantive grounds. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

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.

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 Group's results or net assets.

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.

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

	2017 £m	2016 £m
Minimum operating lease payments recognised in the income statement	**32**	18

At 31 December 2017 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017		2016	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**34**	**1**	26	1
Within two to five years	**90**	**1**	79	1
Over five years	**118**	**–**	106	–
	242	**2**	211	2

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

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.

	2017 £m	2016 £m
Defined benefit scheme surplus – UK	**57**	100
Defined benefit schemes deficit – Overseas	**(4)**	(3)

(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 2016 by independent qualified actuaries. The actuarial funding surplus of the Scheme at that date was £61m and under the agreed schedule of contributions the Group will continue not to make any payments into the Scheme.

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 Group's responsibility for supporting the Scheme financially. During 2017, the Trustees of the Scheme purchased a bulk annuity policy with an insurance company that covered all of the Scheme's liabilities. The policy is in the name of the Scheme and is a Scheme asset.

The purchase of the policy represents a bulk annuity 'buy-in' and has been accounted for in accordance with the requirements of IAS 19 'Employee Benefits'. Under IAS 19, the accounting value of the purchased policy is set to be equal to the value of the liabilities covered, calculated using the current IAS 19 actuarial assumptions for the defined benefit obligation. As the actual purchase price of the policy was higher than the accounting value of the policy, a reduction in the Scheme's assets was recorded. This reduction is included within the Return on Scheme assets (excluding deemed interest) and reported as part of the Group's 'Remeasurement of defined benefit pension schemes' included within the Consolidated Statement of Comprehensive Income.

In 2016, as part of the preparation for the 'buy-in', 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 £29m in assets out of the Scheme. A net gain of £4m arose as a result of this settlement, representing the difference between the £29m 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:

	2017 £m	2016 £m
Fair value of Scheme assets	**260**	317
Present value of Scheme liabilities	**(203)**	(217)
Defined benefit scheme surplus	**57**	100
Deferred tax liability (Note 20)	**(20)**	(35)

35. Retirement benefits continued

(b) UK defined benefit scheme continued

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2017 %	2016 %
Key assumptions		
Discount rate	**2.40**	2.50
Expected rate of salary increases	**4.75**	4.75
Rate of increase in LPI pensions in payment[1]	**2.40**	2.40
Inflation assumption	**2.40**	2.40

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 2016 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 31.3 years (2016: 31.5 years) after retirement if they are male and for a further 32.7 years (2016: 32.9 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

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 £m
As at 31 December 2017		**260**	**(203)**	**57**
Following a 0.25% decrease in the discount rate	Change	**3.5%**	**4.5%**	
	New value	**269**	**(212)**	**57**
Following a 0.25% increase in the inflation assumption	Change	**2.0%**	**2.6%**	
	New value	**265**	**(208)**	**57**
Life expectancy increases by 3 years	Change	**7.7%**	**9.9%**	
	New value	**280**	**(223)**	**57**

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. However, as a result of the bulk annuity purchase, the value of the Scheme's insurance asset matches changes in the insured liabilities. The value of Scheme's surplus assets will change as the market value of those investments change.

The amounts recognised in the income statement in respect of the Scheme were as follows:

	2017 £m	2016 £m
Deemed interest arising on the defined benefit pension scheme surplus	**3**	3
Scheme's administrative expenses	**(1)**	(1)
Pension scheme settlement gain	**–**	4

Deemed interest arising on the defined benefit pension scheme surplus has been included within finance income (Note 8).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

35. Retirement benefits continued

(b) UK defined benefit scheme continued

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2017 £m	2016 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**19**	50
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(73)**	1
Actuarial losses arising on the revaluation of insurance policies	**–**	(1)
Actuarial losses arising from changes in financial assumptions	**(4)**	(40)
Actuarial gains/(losses) arising from changes in demographic assumptions	**2**	(8)
Actuarial gains arising from experience adjustments	**11**	4
Remeasurement of the defined benefit pension scheme	**(45)**	6

Movements in the present value of the Scheme liabilities were as follows:

	2017 £m	2016 £m
At 1 January	**(217)**	(202)
Deemed interest cost	**(5)**	(7)
Settlement gains	**–**	4
Actuarial losses on the revaluation of insurance policies	**–**	(1)
Actuarial losses arising from changes in financial assumptions	**(4)**	(40)
Actuarial gains/(losses) arising from changes in demographic assumptions	**2**	(8)
Actuarial gains arising from experience adjustments	**11**	4
Benefits paid/transfers out	**10**	33
At 31 December	**(203)**	(217)

Movements in the fair value of the Scheme assets were as follows:

	2017 £m	2016 £m
At 1 January	**317**	290
Deemed interest income	**8**	10
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**19**	50
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(73)**	1
Benefits paid/transfers out	**(10)**	(33)
Administrative expense	**(1)**	(1)
At 31 December	**260**	317

The major categories and fair values of the Scheme assets as at 31 December were as follows:

	2017 £m	2016 £m
Cash and cash equivalents	**20**	4
Equity instruments		
– Consumer products	**–**	179
– Industrials	**–**	19
– Business services	**–**	31
	–	229
Government bonds	**36**	78
Insurance policies	**203**	5
Other receivables	**1**	1
At 31 December	**260**	317

During 2017, as part of the arrangements for insuring the Scheme's liabilities, the Trustees transferred all of the Scheme's equity investments into fixed income securities and bonds. The Scheme does not hedge against foreign currency exposures or interest rate risk.

35. Retirement benefits continued

(b) UK defined benefit scheme continued

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 2018 is £nil.

(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 £13m (2016: £7m), of which £7m (2016: £3m) related to overseas schemes.

As at 31 December 2017, there was £1m outstanding in respect of the current reporting period that had not been paid over to the schemes (2016: £nil).

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 2017, which also represent the value of transactions during the year, are set out below:

	Amounts owed by related parties		Amounts owed to related parties	
	2017 £m	**2016 £m**	**2017 £m**	**2016 £m**
Associates	**3**	3	**–**	–
Joint ventures	**1**	1	**(2)**	(2)

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 69 to 89.

	2017 £m	**2016 £m**
Short term benefits	**4**	5
Social security costs	**1**	1
	5	6

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2017

37. Principal subsidiaries

At 31 December 2017, 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 159 to 167. 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	100%
Bermuda (operating in England)	PVM Oil Associates Limited	100%
Brazil	ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda	100%
	Tullett Prebon Brasil S.A.	100%
England	ICAP Energy Limited	100%
	ICAP Europe Limited	100%
	ICAP Global Derivatives Limited	100%
	ICAP Information Services Limited	100%
	ICAP Management Services Limited	100%
	ICAP Securities Limited	100%
	ICAP WCLK Limited	100%
	The Link Asset and Securities Company Limited	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	100%
	ICAP Equities Asia Limited	100%
	ICAP Securities Hong Kong Limited	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	100%
	ICAP Management Services Private Limited	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	100%
	ICAP Energy LLC	100%
	ICAP Information Services Inc.	100%
	ICAP Securities USA LLC	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%

1 31 March year end.

As at 31 December 2017, £13m (2016: £21m) 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 2018 the Group completed the acquisition of SCS Commodities Corp, the details of which are set out in Note 30(c).

Company Balance sheet

as at 31 December 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Investment in subsidiary undertakings	4	**2,595**	2,542
Trade and other receivables	5	**336**	–
		2,931	2,542
Current assets			
Trade and other receivables	5	**19**	365
Cash and cash equivalents		**19**	5
		38	370
Total assets		**2,969**	2,912
Current liabilities			
Trade and other payables	6	**(21)**	(29)
Interest bearing loans and borrowings	8	**(12)**	(467)
		(33)	(496)
Net current assets/(liabilities)		**5**	(126)
Total assets less current liabilities		**2,936**	2,416
Non-current liabilities			
Interest bearing loans and borrowings	8	**(577)**	(80)
Other long term payables	7	**(16)**	–
		(593)	(80)
Total liabilities		**(626)**	(576)
Net assets		**2,343**	2,336
Capital and reserves			
Share capital	9	**139**	139
Share premium		**17**	17
Merger reserve		**1,256**	1,256
Own shares		**(10)**	(6)
Profit and loss account		**941**	930
Total equity		**2,343**	2,336

The Company reported a profit for the financial year ended 31 December 2017 of £50m (2016: £36m).

The Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 13 March 2018 and are signed on its behalf by

John Phizackerley
Chief Executive

Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Profit and loss account £m	Total equity £m
2017						
Balance at 1 January 2017	**139**	**17**	**1,256**	**(6)**	**930**	**2,336**
Profit and other comprehensive income for the year	**–**	**–**	**–**	**–**	**50**	**50**
Dividends paid	**–**	**–**	**–**	**–**	**(58)**	**(58)**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**19**	**19**
Balance at 31 December 2017	**139**	**17**	**1,256**	**(10)**	**941**	**2,343**
2016						
Balance at 1 January 2016	61	17	57	–	914	1,049
Profit and other comprehensive income for the year	–	–	–	–	36	36
Dividends paid	–	–	–	–	(41)	(41)
Own shares acquired for employee trusts	–	–	–	(6)	–	(6)
Issue of ordinary shares	78	–	1,206	–	–	1,284
Share issue costs	–	–	(7)	–	–	(7)
Credit arising on share-based awards	–	–	–	–	21	21
Balance at 31 December 2016	139	17	1,256	(6)	930	2,336

Notes to the Financial Statements

for the year ended 31 December 2017

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 35 of the Strategic 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 (2016: nil). Information about individual Directors is provided in the audited part of the Report on Directors' Remuneration on pages 69 to 89.

Notes to the Financial Statements continued

for the year ended 31 December 2017

4. Investment in subsidiary undertakings

	2017 £m	2016 £m
Cost		
At 1 January	**2,542**	1,077
Capital contribution arising on share-based awards	**19**	21
Increase in investment in subsidiary undertaking	**14**	161
Acquisition of subsidiary undertaking	**20**	1,283
At 31 December	**2,595**	2,542

On 30 December 2016, the Group issued 310.3m shares with a fair value of £1,283m 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

	2017 £m	2016 £m
Non-current receivables		
Amounts owed by Group undertakings	**336**	–
Current receivables		
Amounts owed by Group undertakings	**3**	363
Corporation tax	**15**	–
Prepayments and accrued income	**1**	2
	19	365

6. Trade and other payables

	2017 £m	2016 £m
Accruals and deferred income	**7**	22
Amounts due to Group undertakings	**6**	–
Deferred consideration	**8**	7
	21	29

7. Other long term payables

	2017 £m	2016 £m
Deferred consideration	**16**	–

8. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2017			
Sterling Notes June 2019	**–**	**80**	**80**
Sterling Notes January 2024	**12**	**497**	**509**
	12	**577**	**589**
2016			
Bank loan due December 2017	467	–	467
Sterling Notes June 2019	–	80	80
	467	80	547

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 2017 their fair value (Level 1) was £84m (2016: £84m).

Sterling Notes: Due January 2024

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. At 31 December 2017 their fair value (Level 1) was £533m. Accrued interest at 31 December 2017 amounted to £12m.

Bank loan: Due December 2017

On the completion of the ICAP acquisition the Group drew on its £470m committed bridge financing facility. The proceeds were 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 £3m were incurred in 2016. The carrying amount of the bank loan approximated 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 2016, £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.

9. Share capital

	2017 No.	2016 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**554,132,671**	554,132,671

The movement in the number of shares during the year is shown in Note 27 to the Consolidated Financial Statements.

	2017 £m	2016 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**139**	139

310,314,296 ordinary shares were issued on 30 December 2016 with a fair value of £1,283m in connection with the acquisition of ICAP.

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 2018
Annual General Meeting – Thursday 10 May 2018 at 12:45pm

Dividend mandate
Shareholders who wish their dividends to be paid directly into a bank or building society account should register their mandate via the shareholder portal at www.signalshares.com. You will need your investor code which can be found on your share certificate or dividend confirmation. Alternatively, contact Link 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. For future dividends, the Company has in place a facility for payments to be made via CREST.

Dividend Reinvestment Plan ('DRIP')
The Company offers a DRIP, for further information contact Link 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.

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 Link Asset Services.

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300[1]
From overseas: +44 (0) 371 64 0300

Email: enquiries@linkgroup.co.uk

1 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.signalshares.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 2017 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 equivalent thereof) which are indirectly held by TP ICAP plc.

Company name	Country of incorporation	Interest	Note	Registered office address
Fulton Prebon Holdings N.V.	Aruba			Suite 304, L.G. Smith Boulevard 62, Oranjestad Oost, Aruba
ICAP Australia Pty Ltd	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Brokers Pty Limited	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Europe Limited, Australia Branch	Operating in Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Futures (Australia) Pty Ltd	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
iSwap AUD NZD Pty. Ltd.	Australia	50.1%	1	Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Tullett Prebon (Australia) Pty Limited	Australia			Level 36, 60 Margaret Street, Sydney NSW 2000, Australia
PVM Data Services GmbH	Austria			Euro Plaza – Building G, Am Euro Platz 2 , 1120 Vienna, Austria
Marshalls (Bahrain) W.L.L.	Bahrain	70%		P.O. Box 5482, Manama Centre, 104/105 Government Road, Manama 316, Bahrain
Tullett Liberty (Bahrain) Co. W.L.L.	Bahrain	85%		PO Box 20526, Flat No.31, Building 104, Manama Centre, Entrance 4, 3rd Floor, Govt Avenue 383, Manama 316, Bahrain
ICAP (Middle East) W.L.L.	Bahrain	49%		PO Box 5488, 43rd Floor, 4301, West Tower, Bahrain Financial Harbour, Bahrain
PVM Oil Associates Ltd	Bermuda, Operating in UK			Cumberland House, 9th Floor, 1 Victoria Street, Hamilton, HM11, Bermuda
Tullett Prebon Brasil Corretora de Valores e Câmbio Ltda.	Brazil			4, parte, Avenida Pedroso de Moraes, 1201, 2nd Floor, Pinheiros, Sao Paulo, 05419-001, Brazil
Tullett Prebon Holdings Do Brasil Ltda.	Brazil			4, parte, Avenida Pedroso de Moraes, 1201, 2nd Floor, Pinheiros, Sao Paulo, 05419-001, Brazil
ICAP do Brasil Corretora de Títulos e Valores Mobiliários 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 Participações Ltda	Brazil			Av. das Américas, 3.500, 2º andar, salas 201-205, 219 e 220, Ed. Londres, Barra da Tijuca, Rio de Janeiro, Brazil
Vantage Capital Holdings Limited	British Virgin Islands			Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands
Catrex Limited	British Virgin Islands			Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Tullett Prebon Americas Corp., Toronto Branch	Canada			1 Toronto Street, Suite 803, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
Tullett Prebon Canada Limited	Canada			1 Toronto Street, Suite 803, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
Prebon Technology Services (Canada) Limited	Canada			1 Toronto Street, Suite 803, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
ICAP Capital Markets (Canada) Inc.	Canada			100 King Street West, Suite 6600 1 First Canadian Place, Toronto, ON, M5X1B8, Canada
PVM Oil Associates Canada Ltd	Canada			400 3rd Avenue SW, Suite 3700, Calgary, AB T2P 4H2, Canada
SIF ICAP Chile Holdings Ltda	Chile	50%	2	Avenida Andres Bello 2711, Piso 8, Santiago, Chile
SIF ICAP Chile SpA	Chile	40%		Avenida Andres Bello 2711, Piso 8, Santiago, Chile
Prebon Yamane International Limited, Shanghai Representative Office	Operating in China			9th Floor, Room 1002, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Prebon SITICO (China) Limited	China	33%	17	9th Floor, Room 1001, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China
ICAP Shipping (Shanghai) Co,. Ltd.	China			Unit 2547, 25/F One Prime, 1361 North Sichuan Road, Hongkou District, Shanghai, China
SET-ICAP Securities S.A.	Colombia	47.1%		Carrera 11 No. 93-46 – 403 Office, Bogotá, Colombia
ICAP Colombia Holdings S.A.S.	Colombia	94.2%		Carrera 13 No. 97-76 – Office 501, Bogota, Colombia
SET-ICAP FX S.A.	Colombia	47.9%		Carrera 11 No. 93-46 – 403 Office, Bogotá, Colombia
ICAP Scandinavia Fondsmæglerselskab A/S	Denmark			Rentemestervej 14, Copenhagen NV, DK-2400, Denmark
ICAP del Ecuador S.A.	Ecuador			Eloy Alfaro 2515 y Catalina Aldáz, Quito, Ecuador
Tullett Prebon (Europe) Limited, Paris Branch	Operating in France			89/91 rue de faubourg, Saint Honore, 75008 Paris, France
Astley & Pearce Deutschland GmbH	Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
ICAP Deutschland GmbH	Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
ICAP Ltd. & Co. oHG	Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
ICAP Securities Limited, Frankfurt Branch	Operating in Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
Tullett Prebon (Securities) Limited, Frankfurt Branch	Operating in Germany			Bleidenstraße 6-10, 60311 Frankfurt am Main, Germany
Intermoney AP & Co. Geld-und Eurodepotmakler OHG	Germany	75%	2	Stephanstrasse 3, 60313 Frankfurt am Main, Germany
ICAP US Holdings No 1 Limited	Gibraltar			Suite 1, Burns House, 19 Town Range, Gibraltar
ICAP US Holdings No 2 Limited	Gibraltar			Suite 1, Burns House, 19 Town Range, Gibraltar
Tullett Prebon Information Limited	Guernsey, Operating in UK			Regency Court Glategny Esplanade St Peter Port, GY1 1WW, Guernsey
M.W. Marshall (Hong Kong) Limited	Hong Kong		1	Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Marshalls (London) Investment Limited	Hong Kong		1	Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Tullett Prebon (Hong Kong) Limited	Hong Kong		15	Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Tullett Prebon Asia Group Limited	Hong Kong			Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
ICAP (Hong Kong) Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
ICAP Equities Asia Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
ICAP Management Services Hong Kong Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
ICAP Securities Hong Kong Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
Tullett Prebon (India) Limited	India	48%		4th Floor, Kalpataru Heritage, 127 M. G. Road, Fort Mumbai 400 001, India
ICAP IL India Private Limited	India	40%	11	Office No. 6, 3rd Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (E), Mumbai, 400051, Maharashtra, India
PT ICAP Indonesia	Indonesia	85%		Menara Dea Tower II 12th Floor, Kawasan Mega Kuningan, Jl. Mega Kuningan Barat Kav. E4.3, Jakarta 12950, Indonesia
P.T. Inti Tullett Prebon Indonesia	Indonesia	57.52%		Wisma 46, Kota BNI, 9th Floor, JL Jendral Sudirman Kav.1, Jakarta, 10220, Indonesia
ICAP Totan Securities Co., Ltd.	Japan	60%		4-4-10, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022 Japan
Totan ICAP Co., Ltd.	Japan	40%		7th Floor, Totan Muromachi Building, 4-4-10 Nihonbashi Muromachi, Chuo-ku, Tokyo, 103-0022, Japan
Central Totan Securities Co. Ltd	Japan	20%		4-4-10, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022 Japan

Company name	Country of incorporation	Interest	Note	Registered office address
Prebon Limited, Tokyo Branch	Operating in Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
tpSEF Inc., Tokyo Branch	Operating in Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
Tullett Prebon (Europe) Limited, Tokyo Branch	Operating in Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
Tullett Prebon (Japan) Limited	Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
Tullett Prebon ETP (Japan) Ltd	Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
M.W. Marshall (Overseas) Limited	Jersey			Equity Trust House 28-30 The Parade St Helier, JE1 1EQ, Jersey
Prebon Marshall Yamane (C.I.) Limited	Jersey			Equity Trust House 28-30 The Parade St Helier, JE1 1EQ, Jersey
ICAP Foreign Exchange Brokerage Limited	Korea, Republic of			11th Floor, 20, Myeongdong 11-gil, Jung-gu, Seoul, 04538, Republic of Korea
Tullett Prebon Money Brokerage (Korea) Limited	Korea, Republic of			6th Floor, Booyoung Eulji Building, 29 Eulji-ro, Joong-gu, Seoul, Korea
ICAP Luxembourg Holdings (No. 1) S.A.R.L	Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
ICAP Luxembourg Holdings (No. 2) S.A.R.L	Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
ICAP US Holdings No 2 Limited, Luxembourg Branch	Operating in Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
Tullett Prebon (Europe) Limited, Luxembourg Branch	Operating in Luxembourg			2, Rue Henri Schnadt, L-2530 Luxembourg
Amanah Butler Malaysia Sdn Bhd	Malaysia	32.1%		802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Astley & Pearce Sdn. Bhd.	Malaysia	20%		Level 14 Chulan Tower, No. 3, Jalan Conlay, Kuala Lumpur, Wilayah Persekutuan, 50450, Malaysia
Tullett Prebon Mexico SA de CV	Mexico			Av. de Vasco de Quiroga 1900, Piso 4, Oficina 403, Colonia Centro Ciudad Santa Fe, Delegación Álvaro Obregón, C.P. 01210, México, Distrito Federal
ICAP Bio Organic S. de RL de CV	Mexico	50%	2	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
Plataforma Mexicana de Carbono S. de R.L. de C.V.	Mexico	50%	2	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
SIF Agro S.A. De C.V.	Mexico	50%		Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
SIF ICAP Derivados, S.A. DE C.V.	Mexico	50%	12	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
SIF ICAP Servicios, S.A. de C.V.	Mexico	50%	13	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
SIF ICAP, S.A. de C.V.	Mexico	50%	14	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico
ICAP Energy AS, Netherlands Branch	Operating in The Netherlands			Teleport Towers, 7th Floor, 7th Floor Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands
ICAP Energy Limited, Netherlands Branch	Operating in The Netherlands			Teleport Towers, 7th Floor, 7th Floor Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands
Astley & Pearce (International) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Astley & Pearce B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Astley & Pearce Investments B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
ICAP Holdings (Nederland) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Investments (Nederland) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Latin American Holdings B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Securities (No. 1) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Securities (No. 2) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Prebon Holdings B.V.	Netherlands			Telestone 8 – Teleport, Naritaweg 165, 1043 BW, Amsterdam, Netherlands
Gains International Infocom Holdings B.V.	Netherlands			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty B.V.	Netherlands			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP New Zealand Limited	New Zealand			Level 12, 36 Customhouse Quay, Wellington, 6000, New Zealand
ICAP African Brokers Limited	Nigeria	66.3%		Plot 1679, 4th Floor, African Re-Insurance Building, Karimu Kotun Street, Victoria Island, Lagos State, Nigeria
ICAP Energy AS	Norway			Storetveitvegen 96, 5072 Bergen, Norway
ICAP Energy Limited, Norway Branch	Operating in Norway			Storetveitvegen 96, 5072 Bergen, Norway
Datos Técnicos, S.A.	Peru	25%		Pasaje Acuña 106 – Lima, Peru
ICAP Management Services Limited, Philippine Branch	Operating in Philippines			Units 1,2 and 4, 14/F RCBC Savings Bank Corporate Center, 26th and 25th Streets Bonifacio South, Global City, 1634 Taguig City, Philippines
ICAP Philippines Inc.	Philippines	99.90%	3	14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
Tullett Prebon (Philippines) Inc.	Philippines	51%		25th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Philippines
Tullett Prebon (Polska) S.A.	Poland		1	ul. Postepu 12, 00-676 Warszawa, Poland
PVM Oil Associates Pte Ltd	Singapore			1 Kim Seng Promenade, #11-05, Great World City East Tower, 237994, Singapore
PVM Oil Futures Pte. Ltd	Singapore			1 Kim Seng Promenade, #11-05, Great World City East Tower, 237994, Singapore
ICAP AP (Singapore) Pte. Ltd.	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
ICAP Currency Options Pte. Ltd.	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
ICAP Energy Pte. Ltd.	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
ICAP Energy Limited, Singapore Branch	Operating in Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
ICAP Financial Products Pte. Ltd.	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
ICAP Management Services Private Limited	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
Noranda Investments Pte Ltd	Singapore			10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore, 018983, Singapore
Prebon Technology Services (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore
Tullett Prebon (Singapore) Limited	Singapore			50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Prebon Energy (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore
Garban South Africa (Pty) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Broking Services South Africa (Pty) Ltd	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Holdings South Africa (Pty) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Securities South Africa (Proprietary) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
Tullett Prebon South Africa (Pty) Limited	South Africa			2nd Floor, West Tower, Nelson Mandela Square, Maude Street, Sandton, 2196, South Africa
Corretaje e Informacion Monetaria y de Divisas SA	Spain	21.5%	4	Torre Picasso, Pza Pablo Ruiz Picasso, s/n-Plantas 22 y 23, 28020 Madrid, Spain
ICAP Energy AS, Spain Branch	Operating in Spain			Avenida de la Vega 1, Edificio, Planta 3, Office 15, Madrid, 28108 Alcobendas, Spain
ICAP Energy Limited, Spain Branch	Operating in Spain			Avenida de la Vega 1, Edificio, Planta 3, Office 15, Madrid, 28108 Alcobendas, Spain
Tullett Prebon (Europe) Limited, Spanish Branch	Operating in Spain			Torre Europa, Paseo de la Castellana 95, planta 10, 28046 Madrid, Spain
ICAP Energy Suisse S.A.	Switzerland			rue des Battoirs 7, c/o PKF Geneva SA, 1205 Geneve, Switzerland
Cosmorex AG	Switzerland			Zürcherstrasse 66, 8800 Thalwil, Switzerland
Tullett Prebon (Securities) Limited, Geneva Branch	Operating in Switzerland			route de Pré-Bois 29, World Trade Center II, 1215 Genève 15 cases, Switzerland
ICAP Securities Co., Ltd.	Thailand			No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
ICAP-AP (Thailand) Co., Ltd.	Thailand			No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
Nextgen Holding Co., Ltd.	Thailand		8	No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
P V M Oil Consultants Limited	UK			117 Jermyn Street, London, SW1Y 6HH, England
P V M Oil Futures Limited	UK			117 Jermyn Street, London, SW1Y 6HH, England
PVM Oil Associates Ltd, UK Branch	Operating in UK			117 Jermyn Street, London, SW1Y 6HH, England
PVM Smart Learning Limited	UK	50%		117 Jermyn Street, London, SW1Y 6HH, England
Tullett Liberty (Number 2) Limited	UK		1	3 Field Court, Gray's Inn, London, WC1R 5EF, England
Glia Ecosystems Limited	UK	20%		4 Claridge Court, Lower Kings Road, Berkhamsted, Hertfordshire, England, HP4 2AF
Zodiac Seven Limited	UK	10%		71-75 Shelton Street, Covent Garden, London, WC2H 9JQ
Automated Confirmation Service Limited	UK	75.75%		ISIS Building, Marsh Wall, London, E14 9SG, England
Altex-ATS Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Cleverpride Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Coex Nominee Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Coex Partners FX LLP	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
Coex Partners Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Exco Bierbaum AP Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Exco International Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Exco Nominees Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Exco Overseas Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Fulton Prebon Group Limited	UK		1	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Garban Group Holdings Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Garban International	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Garban-Intercapital (2001) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Garban-Intercapital US Investments (Holdings) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Garban-Intercapital US Investments (No 1) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Harlow (London) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP America Investments Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Corporates LLC, UK Branch	Operating in UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Energy Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Europe Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Global Broking Finance Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Global Broking Holdings Limited	UK		5	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Global Broking Investments	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Global Derivatives Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Holdings (Asia Pacific) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Holdings (EMEA) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Holdings (Latin America) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Holdings (UK) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Holdings Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Information Services Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Management Services Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England

Company name	Country of incorporation	Interest	Note	Registered office address
ICAP Securities Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP Securities USA LLC, UK Branch	Operating in UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP UK Investments No. 1	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP UK Investments No. 2	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP US Holdings No 1 Limited, UK Branch	Operating in UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP US Holdings No 2 Limited, UK Branch	Operating in UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP WCLK Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
iSwap Euro Limited	UK	50.1%		Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
iSwap Limited	UK	50.1%	9	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
LiquidityChain Limited	UK	75%	3	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
M.W. Marshall (U.K.) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
M.W. Marshall Nominees Limited	UK		1	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Patshare Limited	UK	50%	3	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Prebon Group Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Prebon Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Prebon Yamane International Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Swardgreen Limited	UK	99.92%		Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
The Link Asset and Securities Company Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
TP Holdings Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
tpSynrex Ltd	UK	50%		Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty (European Holdings) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty (Futures Holdings) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty (Power) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty (Securities Holdings) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Liberty Brokerage Services (UK) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Equities) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Europe) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Prebon (No. 1)	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (No. 3) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Oil) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Securities) Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (UK) Limited.	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Administration Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Group Holdings plc	UK		5, 16	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Group Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Information Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Investment Holdings Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Latin America Holdings Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon Pension Trustee Limited	UK			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Dubai) Limited	United Arab Emirates			Gate Village 1, Level 1, Suite 107/108, PO Box 506787, DIFC, Dubai, UAE
PVM Energy LLC	US			101 Hudson Street, Jersey City, New Jersey, 07302, United States
Coex Partners Inc.	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
Exco Noonan Pension LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
First Brokers Securities LLC	US	40%	10	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Broking Holdings North America LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Corporates LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Futures Holdings Inc	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Global Broking Inc.	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Information Services Inc	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Media LLC	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP North America Inc	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Securities USA LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP SEF (US) LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP Services North America LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States

Company name	Country of incorporation	Interest	Note	Registered office address
ICAP Spot USA LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP United Inc.	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
ICAP US Financial Services LLC	US		7	1209, Orange Street, Wilmington, Delaware, 19801, United States
iSwap US Inc	US	50.1%		1209, Orange Street, Wilmington, Delaware, 19801, United States
Linkbrokers Derivatives LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
Pronous Asset Management LLC	US		6	1209, Orange Street, Wilmington, Delaware, 19801, United States
Wrightson ICAP LLC	US			1209, Orange Street, Wilmington, Delaware, 19801, United States
Prebon Financial Products Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
PVM Oil Associates Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
tpSEF Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon (Americas) Holdings Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Americas Corp.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Financial Services LLC	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Information Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
MOAB Oil Inc.	US		18	47 Water Street, Norwalk, Connecticut, 06854, United States
M.W. Marshall Inc.	US			80 State Street, Albany, New York 11207-2573, United States
PVM Futures Inc	US			Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey 08628, United States
ICAP Energy LLC	US		6	9931 Corporate Campus Drive, Suite 2400, Louisville, Kentucky, 40223, United States
ICAP Merger Company LLC	US			CT Corporation, 111 Eighth Avenue, New York, 10011, United States

1 In liquidation as at 31 Dec 2017.
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 Holdings are: 50.1% (Ordinary voting shares), 45.6% (CM), 40% (Direct Market), 25.7% (Deferred shares).
10 Class B units.
11 Non-cumulative non-convertible redeemable preference shares (100%) and ordinary shares (40%).
12 Series I ordinary shares and series II ordinary shares.
13 Series IB shares.
14 Class I Shares and Class II Shares.
15 Ordinary shares & Redeemable Preference shares.
16 Ordinary and deferred shares.
17 Group B ordinary shares.
18 Dissolved after 31 December 2017.

Glossary

Act
The Companies Act 2006

AGM
Annual General Meeting

APAC
Asia Pacific

API
Applications Programme Interface

Board
The Board of Directors of TP ICAP plc

BRC
Board Risk Committee

CAGR
Compound Annual Growth Rate

CAPM
Capital Asset Pricing Model

CCP
Central counterparty house clearing

CGU
Cash-Generating Unit

CLOB
Central Limit Order Books

Code
The UK Corporate Governance Code

COEX
Coex Partners Limited and its subsidiaries

Company
TP ICAP plc

COO
Chief Operating Officer

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

FRC
Financial Reporting Council

FX
Foreign Exchange Currency

GEC
Global Executive Committee of TP ICAP plc

GERC
Group Executive Risk Committee

Group
TP ICAP plc and all of its subsidiaries

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

ISDA
International Swaps and Derivatives Association

KPI
Key Performance Indicator

LTIP
Long Term Incentive Plan

LTIS
Long Term Incentive Scheme

MiFID II
Markets in Financial Instruments Directive

MOAB
Moab Oil Inc.

MTF
Multilateral Trading Facility

NDF
Non-Deliverable Forwards

NEX
Nex Group plc

OTC
Over the Counter

OTF
Organised Trading Facility

PBT
Profit before Tax

Pillar 1
Minimum capital requirements under CRD IV

Pillar 3
Disclosure requirements under CRD IV

PVM
PVM Oil Associates Ltd and its subsidiaries

RCF
Revolving Credit Facility

RCSA
Risk Control Self Assessment

RFQ
Request for Quotes

RoE
Return on Equity

SEF
Swap Execution Facility

TP
Tullett Prebon PLC
Changed its name to TP ICAP plc on 28 December 2016

TPI
Tullett Prebon Information

TP ICAP plc
Changed its name from Tullett Prebon plc on 28 December 2016

TSR
Total Shareholder Return

UK
United Kingdom

US/USA
United States of America

USD/US$
US Dollars

VAT
Value Added Tax

VIU
Value in use

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

Consultancy, design and production
www.luminous.co.uk

TP ICAP plc
Tower 42, Level 37
25 Old Broad Street
London
United Kingdom
EC2N 1HQ

www.tpicap.com