Annual Report and Accounts 2019

We provide access to global financial and commodities markets, improving price discovery, flow of liquidity and distribution of data, working with and supporting the communities in which we operate and facilitating economic growth.

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

> 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.

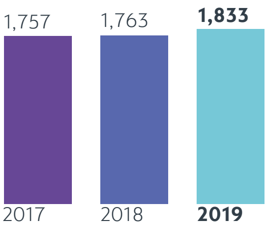
Contents

Cautionary Statement

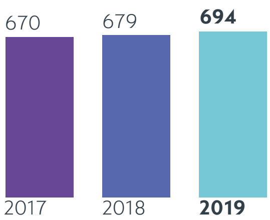
This Annual Report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and such responsibility is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Financial and strategic highlights

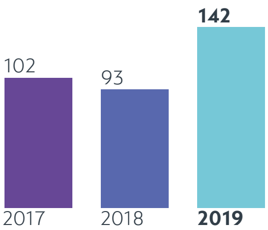
Revenue – statutory (£m)



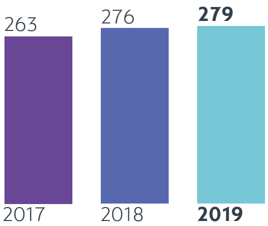
Contribution (£m) (APM)[2]



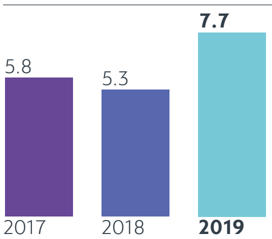
Operating profit – statutory (£m)



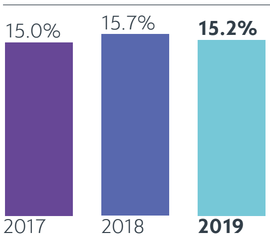
Operating profit – underlying[1] (£m) (APM)[2]



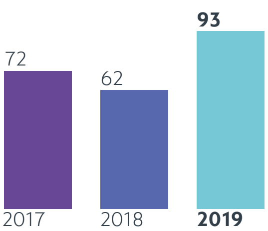
Operating margin – statutory (%)



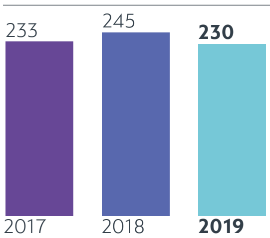
Operating margin – underlying[1] (%) (APM)[2]



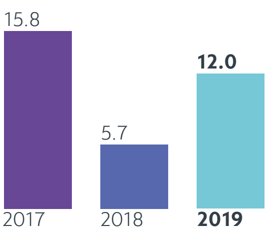
Profit before tax – statutory (£m)



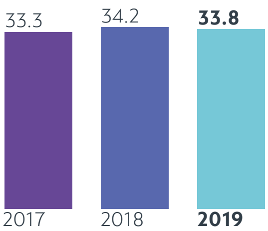
Profit before tax – underlying[1] (£m) (APM)[2]



Basic earnings per share – statutory (p)



Basic earnings per share – underlying[1] (p) (APM)[2]



Operational performance:

- Group revenue of £1,833 grew 4% on a reported basis (1% at constant currency).
- Group improved underlying and reported operating profitability.
- Global Broking revenue decreased 1% on a reported basis (3% at constant currency), as resilient Rates were offset by weaker Credit and Equities businesses.
- Energy & Commodities revenue increased 15% on a reported basis (11% at constant currency) on strong organic growth, strategic hires, Axiom acquisition and favourable markets.
- Institutional Services revenues increased 23% on a reported basis (21% at constant currency).
- Data & Analytics revenues increased 15% on a reported basis (11% at constant currency).

Strategic highlights:

- Successfully completed the three-year ICAP integration programme, generating £80m in synergy savings[3].
- Increased earnings diversification through growth in non-broking businesses.
- Built a new executive leadership structure to streamline revenue generation.
- Evolving medium-term strategic themes focusing on aggregation, electronification and diversification.

Dividend:

- Interim dividend of 5.6p per share declared on 8 November 2019.
- Final dividend recommended of 11.25p per share due to be paid 19 May 2020.
- Total dividends in respect of 2019: 16.85p (2018: 16.85p).

1 Underlying results represent the results excluding acquisition disposal and integration costs and exceptional items. Please refer to page 21 of the Annual Report.

2 Alternative Performance Measures ('APM') are defined and explained on pages 18 and 19.

3 Synergy savings reflect the reduction of underlying staff and other costs as a result of implementing the integration programme. Staff cost savings are a result of both individuals leaving the Group or transferring to integration related roles that will cease once integration is complete.

At a glance

We are a global firm of professional intermediaries that plays a central role in the world's wholesale financial, energy and commodities markets.

Our brands

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

TP ICAP

Global Broking	Energy & Commodities	Institutional Services	Data & Analytics
tullett prebon	tullett prebon		tullett prebon information
ICAP	ICAP	ICAP	ICAP INFORMATION
	PVM		PVM DATA SERVICES

Our vision, purpose, method and values

Our vision
What we want to be

To be the most trusted and respected data and market execution provider in the financial, energy and commodities products that we transact.

Our purpose
What we want to do

We provide access to global financial and commodities markets, improving price discovery, flow of liquidity and distribution of data, working with and supporting the communities in which we operate and facilitating economic growth.

Our method
How we accomplish our purpose

Our people utilise their skills and experience, combined with a strong technology offering, to work in close partnership with a diverse range of clients to deliver services. We continually enhance our services and our operations as our clients' needs and preferences change and as markets and the regulatory environment evolve.

Our values
How we seek to act

How we conduct ourselves as individuals and as a Group is as important as the products and services we provide. We want to have a business culture that allows us to serve our clients in the best possible way, and holds up to the most intense scrutiny. Our values, which underpin everything we do, are:

Honesty **Integrity** **Respect** **Excellence**

How we transact

Read more about how we transact in our business model on pages 4 and 5.

	1	2	3 TP ICAP	4
Oil	It's January and Brian is looking to buy a plane ticket to Portugal in August for his summer holiday. The airline sells the ticket to Brian for £200.	To fly Brian there in August the airline needs to spend money on fuel. Rather than run the risk of the price of fuel increasing by the time the plane takes off in August, the airline fixes the price of fuel now in January.	To get a fixed price for the fuel the airline uses a derivative. TP ICAP helps the airline's bank buy that derivative at the best price.	In August Brian jets off to Portugal.
Mortgages	Sophia is moving house and wants to get a five year fixed rate mortgage.	She finds a good deal from her bank who give her a mortgage to help her buy her new home.	To protect themselves from potential interest rate rises, the bank buys a financial product to help them hedge their risk (an interest rate swap). They use TP ICAP to get the best price for this interest rate swap.	Sophia moves into her new home.
FX	Motion car company, based in the UK, needs to ensure it has enough steel to meet demand for its cars over the next year. The price of steel is in US Dollars.	Motion is worried that the US Dollar might increase in value over that time. Motion want to have certainty about the US Dollar price it will pay for the steel so it goes to its bank to get a fixed price.	Their bank uses TP ICAP to buy a foreign exchange derivative that fixes the price of US Dollars compared to the pound.	Motion have certainty over the price of steel and is able to meet production demand.
Financial Information	Rosie has a pension with ABC Pension Fund managers and receives a statement every year. This statement sets out the value of all her pension fund assets.	To get an accurate value, ABC Pension Fund needs financial information and market prices on everything Rosie owns. ABC Pension Fund gets this information from financial data providers.	The financial data providers have in turn been provided the information from TP ICAP. TP ICAP has a rich supply of financial data from tens of thousands of transactions we execute every day.	ABC Pension Fund provides an up to date pension fund statement for Rosie.

Our business model

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

Our resources

We allocate our resources in the most efficient and sustainable way possible to increase shareholder value.

People
Our people are key to our success, and their relationships and expertise sets them apart

Our pools of liquidity
The liquidity we can access enables us to provide efficient execution services at the best price for our clients

Financial strength
Our financial strength and credit worthiness provides security to clients and allows us to invest in growing our business

Data
We have a competitive advantage as a leading provider of OTC pricing data

International network
We are able to service our clients across the world's three geographic regions, in 26 countries

What we do

We act as an intermediary between buyers and sellers of complex financial products, enabling them to trade efficiently and effectively. There are three main models in which we derive broking revenue:

Name Passing
Around three quarters of the Group's broking revenue is derived from Name Passing activities, where the Group identifies and introduces buyers and sellers who wish to transact between themselves and where the Group's exposure is limited to outstanding invoices for commission from its clients.

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 seller of a matching trade. 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 in respect of client orders, and then 'gives-up' the trade to the relevant client (or its clearing member).

Data Sales
We package and sell OTC pricing data generated from our broking activities, enabling our clients to manage their portfolios and make investment decisions.

What makes us relevant

We provide an essential service to clients by enabling them to trade a wide range of financial, energy and commodities products in numerous markets and regions. These trades are often bespoke in nature, complex, and of a high nominal value. The access our brokers have to the largest pools of liquidity makes us relevant to our customers.

The Group's business model is based on providing an intermediation service to clients, which can be provided with minimal credit and market risk.

Read more about how we transact through real world examples in our infographic on page 3 of this report.

How we are organised

Our business is organised into five divisions across three regions. Within our client facing divisions we have a portfolio of highly respected brands, each with a separate and distinct offering.

Global Broking
Our Global Broking division services markets in Rates, FX & Money Markets, Emerging Markets, Equities and Credit products.

Energy & Commodities
Our Energy & Commodities division services markets in oil, gas, power, renewables, precious and non-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 manage their portfolios.

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

Where we operate

Americas Revenue
£687m
(2018: £636m)

EMEA Revenue
£900m
(2018: £886m)

Asia Pacific Revenue
£246m
(2018: £241m)

The value we create

Shareholders
We aim to create long-term shareholder value across the market cycle

Clients
We provide exceptional customer service, liquidity, data and efficient pricing that enable our clients to achieve the outcomes they want. We constantly adapt our offering to suit clients' evolving requirements

Employees
We aim to provide a respectful workplace that supports innovation, high performance and continuing personal and professional development

Regulators
We engage with regulators to improve the functioning of financial markets to provide liquidity in diverse market conditions

Society
We have a well-developed corporate and social responsibility programme as well as a highly successful charity day that has raised almost £150m over the last 27 years

Chairman's statement

Richard Berliand
Chairman

Dear fellow Shareholder,

2019 marked my inaugural year as Chairman of TP ICAP. Hence, I am pleased to report that we were able to improve our underlying and reported operating profit, despite the mixed geopolitical environment and investment in the ICAP integration programme.

Overall, we delivered on our key priorities:

> We successfully completed the three-year ICAP integration programme, generating £80m of synergies, in line with prior year's guidance;
> We strengthened our revenue base with resilient Global Broking results amidst a mixed external environment, supported by growth in our other businesses, namely Energy & Commodities, Data & Analytics and Institutional Services;
> We built a new leadership and executive governance structure that streamlines revenue generation responsibilities, whilst reinforcing other important internal processes;
> We implemented a new risk framework that lays the foundation for development of our internal capital allocation and control processes;
> We developed our ESG policies (see Resources, Relationships and Responsibilities section) to highlight our growing ESG commitment;
> We continued to take necessary measures to ensure that, following the anticipated exit of the UK from the European Union, we will continue to service our clients and provide them liquidity across Europe; and
> We resolved legacy legal issues, and enhanced our compliance functions, including investments in cyber-security and surveillance.

Looking to the future for TP ICAP, our recent Board deliberations on strategy highlighted that liquidity aggregation, electronification and technology, revenues and earnings diversification, and people, conduct and compliance were paramount and integral to our long-term aspiration.

These strategic themes highlight our goal of creating long-term value for our shareholders by growing market share, increasing operating margins and diversifying our earnings mix. This will help us retain our position as the world's largest inter-dealer broker by revenue.

Trading and dividend
Reported revenues of £1,833m in 2019 (2018: £1,763m) were 4% higher than in 2018 (1% higher on constant currency rates), while underlying operating profit increased 1% to £279m (2018: £276m). On a statutory basis, operating profit increased 53% to £142m (2018: £93m) as this year was characterised by lower integration costs, as we reached the end of the ICAP integration programme.

Despite a slow operating environment, our improved performance reflected better activity levels in our Rates business offset somewhat by market-wide weakness in our Equity and Credit businesses. The activity in our Energy & Commodities and Data & Analytics businesses has been very satisfying, while Institutional Services' strong growth continues in line with our increased capabilities and enlarged clientele. These results are a strong indication of the ongoing benefits of business model diversification.

The Board declared an interim dividend of 5.6 pence per share paid on the 8th November 2019 and is recommending a final dividend of 11.25 pence per share to be paid on 19th May 2020 (with a record date of 3rd April 2020).

Board changes
There were a number of Board changes in 2019, including my appointment as Chairman of the Board, all of which were overseen by the Nominations and Governance Committee.

I am delighted that Angela Crawford-Ingle will be joining the Board of the Company. She brings a wealth of relevant and recent financial experience, not only from her previous executive roles, but also from her more recent non-executive positions. Angela will become Chair Designate of the Audit Committee, assuming the Chair of that Committee on Roger Perkin's retirement from the Board in 2021.

I am also pleased to welcome Mark Hemsley to the Board; he brings extensive market infrastructure experience. Mark will be joining the Risk and Nominations and Governance Committees.

These appointments come after a rigorous process to identify and recruit candidates that can complement our Board's skillset and will bring invaluable experience as we embark on a new medium-term strategy. These same considerations remain key as we further strengthen the Board, as does our commitment to cultural, ethnic and gender diversity.

Angela Knight, after nine years of service has decided not to seek re-election at the 2020 Annual General Meeting, in line with Corporate Governance requirements; and David Shalders had to step down in October following his appointment by London Stock Exchange Group plc. I would like to thank them both for their valuable contribution to our Group and wish them well for the future.

Environmental, Social and Governance ('ESG')
At TP ICAP, we want to ensure that our business not only delivers value for our shareholders but also our other stakeholders and wider society. In particular we cannot ignore understandable concerns about climate change. Therefore, one of my top priorities as Chairman is to intensify and raise awareness of our ESG efforts.

I expect that this will be a multi-year journey. Initially focused on preparing and implementing new ESG policies within a new ESG framework, we intend to improve our tracking of related performance metrics and reporting, thus holding ourselves accountable, and allowing our stakeholders to monitor our progress and ongoing commitment.

As part of our efforts we will continue to challenge and re-examine these ESG commitments, in particular as they relate to climate change and to societal expectations. Some tangible progress was made in 2019, as follows:

Environment

As part of our increasing efforts to reduce our carbon footprint, in 2019, we made appreciable reductions in our greenhouse gas emissions through rationalisation of our building portfolio, which we aim to continue in 2020 as we move into our new London headquarters.

Social

Now in its 28th year, ICAP Charity Day continues to make an enormous impact, with £4.6m raised in 2019 supporting numerous charities. We are also in the second year of our partnership with National Numeracy, helping people improve their confidence with numbers in the UK. Finally, we have increased focus on diversity and inclusion within the business, with management challenged to drive change and take meaningful steps towards an increased proportion of women in the front office and in senior management roles.

Corporate Governance

The Board remains committed to high standards of corporate governance and instilling the right culture, behaviour and approach to how we do business. This year, we have made significant progress enhancing our Group's risk management and governance frameworks.

I believe that ESG is not just a "nice-to-have", but rather it is our responsibility towards future generations. To find out more please read our Resources, Relationships and Responsibilities section starting on pages 40 to 45 and the Governance Report on pages 46 to 105.

Engagement with stakeholders

I'm keen to continue my dialogue and engage meaningfully with the Group's stakeholders regarding operational, governance and remuneration issues, strategic developments, and succession planning.

Since the start of my tenure as Chairman of TP ICAP, I have met with a good number of our shareholders and other stakeholders, including employees, advisors, regulators and clients. This has helped me to gather important feedback to improve our business and is something that I will continue to do.

Outlook and many thanks

The executive leadership team has now been in place for a little over 18 months. During this period, considerable work has been done to bring the integration to a conclusion, deliver strong 2019 results, as well as to lay the foundations for the Company's future growth. I would like to express my gratitude and appreciation to Nicolas, his fellow executive committee members and our TP ICAP employees for their hard work and commitment during the year, which now allows us to be on the front foot and focus on the future development of our business.

I expect that our announced June Strategy update will provide us with an opportunity to highlight the underpinnings for our disciplined growth approach. This should support our long-term aspirations to grow revenues, expand profit margins and diversify earnings.

Finally, I would like to thank all our shareholders for your ongoing support throughout the Group's integration period. We will continue to work tirelessly to ensure that our business model remains compelling in the future. The industry is continually changing and evolving, so we have to be proactive and adapt. We look forward to your feedback and also to welcoming you at our AGM on 13 May 2020.

Richard Berliand
Chairman
10 March 2020

Proposed change to corporate structure

The Group has seen meaningful growth in the size of its Asia Pacific and Americas business due to the acquisition of the global hybrid voice broking and information businesses of ICAP in 2016. As a result, the Group announced proposals in December 2019 to adjust its corporate structure to better align it to the global footprint of the business. The Board expects this to provide greater financial flexibility for the Group, enhance governance and improve competitiveness.

In order to implement this change, TP ICAP plc is proposing to incorporate a new Group holding company in Jersey. The proposed change will not have an impact on the Group's tax domicile and the location of its primary stock exchange listing will remain in the UK. In addition, the Board believes that the credit rating of the Group and its outstanding bonds will not be impacted by the proposal.

Finally, the Board is not currently expecting there to be any impact on the location of employees as a result of the proposal. The proposal is subject to shareholder and regulatory approval.

Chief Executive Officer's review

Nicolas Breteau
Chief Executive Officer

Dear fellow Shareholder,

At the start of the 2019, I identified four priorities to deliver to provide us with the solid platform from which we could grow our business. Those priorities were to complete the integration, build a strong management team, review and enhance our risk management framework and prepare our business for Brexit. I am pleased to report that we have accomplished each of these. We have done so while also growing our revenue base in a challenging external environment and building our strategic framework.

The Group now has the foundations from which we can deliver long term, sustainable profitable growth.

Financial Performance
The Group delivered a resilient performance in 2019, with strong growth in our non-Global Broking businesses as our diversification strategy continued to bear fruit. While Global Broking faced challenging conditions in the first half of the year, as our main clients saw a significant drop in trading, we delivered a strong performance in the second half.

Revenues grew by 4% on a reported basis, 1% on a constant currency basis, to £1,833m. We achieved an underlying operating profit of £279m, up 1% on the prior year. On a statutory basis, operating profit increased 53% to £142m from £93m the prior year partially due to lower integration costs and lower impairment of intangible assets. Our underlying operating profit margin of 15.2% was 0.5% lower than in 2018 mainly due to foreign exchange headwinds.

On a statutory basis, the operating margin was 7.7%, from 5.3% in the prior year. The margin improvement was partially offset by the settlement of two legacy legal cases for £18m.

Regional Performance
Performance across our regions was resilient, with all regions seeing growth in revenue on a reported basis. In EMEA, revenues were up 2%, on a reported basis, 1% on a constant currency basis, with growth in Energy & Commodities, Institutional Services and Data & Analytics, offsetting a small decline in Global Broking revenues. In the Americas, revenue was up 8% on a reported basis, 3% on a constant currency basis, driven by a strong performance in Energy & Commodities and revenue growth in Global Broking despite the difficult market conditions. In Asia Pacific, revenue grew by 2% on a reported basis, down 1% on a constant currency basis, as a very strong performance in Energy & Commodities offset a decline in Global Broking revenues.

Global Broking
Global Broking is our largest division covering Rates, Credit, Equities, Foreign Exchange & Money Markets, where we have market leading positions. We offer clients a range of ways to interact with us – through voice, hybrid or fully electronic venues – depending on the nature of the market, product and transaction.

Our current execution methodologies include: voice; voice and indication of interest screen; volume matching sessions; e-auctions; Request for Quote ('RFQ'); streaming; Central Limit Order Book ('CLOB'); algorithmic trading; and odd lot matching.

Global Broking delivered a resilient performance in 2019, as revenues increased in the second half following the first six months when a number of macro-issues had a negative impact on market volatility and volumes. We saw a strong pick up in markets in the third quarter with trading again slowing down in the fourth quarter. As a result, revenues for the 12 months were £1,262m down 1% on a reported basis from £1,272m in 2018, and 3% on a constant currency basis.

> "In 2019 we completed our integration, strengthened management and governance, and we are now turning to our growth strategy"

Despite the continued low interest rate environment, the Rates business, our largest asset class in Global Broking, performed well in the year, growing revenue from 2018, primarily due to a strong third quarter. Conditions in Credit, Equities, FX and Money Markets remained challenging as Credit suffered the impact of reduced issuance and there was subdued activity in the other asset classes.

During 2019 we reorganised and strengthened the management teams in London and New York, continued to hire key talent across our broking businesses as well as ensuring stability in existing teams.

Our focus remains on aggregating liquidity, which means providing the client with a single point of entry to multiple liquidity pools, and in developing our hybrid and pure electronic business. Allowing clients to access liquidity through one screen creates a superior user experience, giving them insight to a greater pool of liquidity via a login and connectivity. It benefits TP ICAP by using any one brand's leadership position in a product to improve the overall competitive position of the other brand.

In Rates, we successfully launched a hub for both brands in Singapore, Japan and Australia. The hub also provides an enhanced electronic workflow, making trade capture and Straight Through Processing ('STP') seamless. In Credit, we have successfully run pure electronic matching sessions and launched two new platforms in the US during the first half of the year. One was a portfolio optimisation bond platform and the other was Crosstrade, which enables asset management firms to transition bonds between funds.

We are also diversifying our revenue streams. In June we launched a Digital Assets Markets business, initially operating in the cryptoasset derivatives space, and are currently exploring further opportunities to grow in this asset class. In December, we announced our intention to acquire Louis Capital Markets. Louis Capital specialises in cash equities and equity derivatives, fixed income and small cap advisory services. It has a strong franchise in Continental Europe and will complement our existing offering.

Our post-trade services group continues to perform well. In Matchbook, which helps our clients' manage basis risk in their trading portfolios, we are seeing strong profit growth. Matchbook is currently in the process of rolling out three new products. We acquired ClearCompress, a fintech company that provides a bilateral compression service in cleared and uncleared interest rate swaps, and that business is now trading and fully integrated into our Risk Management Services business.

We will maintain our commitment to increase the electronification and innovation to meet the changing demands of our client base.

Energy & Commodities

Energy & Commodities is our second largest division and operates through the Tullett Prebon, ICAP and PVM brands in all the key commodities markets including oil, gas, power, renewables, ferrous metals, base metals, precious metals, soft commodities and coal. Clients include regional banks, corporates, hedge funds and trading companies.

It was a strong year for the business with revenues up 15% on a reported basis (up 11% on a constant currency basis) at £379m, up from £331m in the prior year, due to a combination of positive markets, strategic hires and the acquisition of Axiom at the end of 2018. Oil revenues increased by 9% year on year, with increased market activity driven by events in the Middle East. Our Power and Gas businesses both had strong years with revenues up as they benefited from favourable market conditions.

The energy and commodities broking industry remains fragmented, with many smaller players, particularly in the US. Energy & Commodities has a core competency of acquiring and integrating acquisitions into its existing business and we believe there continue to be opportunities to do so, where such opportunities meet our investment criteria.

We continue to look to diversify our client offering. In April we hired a new team to run the ICAP Weather Derivatives business. In August we entered into a joint venture with Enmore Investment Group to offer brokerage in the Chinese OTC, cleared and physical commodities markets. While we see this as a long term investment opportunity, we are pleased with the progress so far. The JV has onboarded clients, is conducting trading activity predominantly in iron ore swaps and physical forwards and is making good progress on LPG and naphtha. We are actively looking to increase broker headcount.

Testing on our electronic whiteboard has progressed well and we will be looking to roll out it out to all brokers in 2020. The whiteboard enables the efficient capture of multiple data points from client interaction. When fully deployed it will enable better sharing of liquidity across the desks, automatic calculation of spreads, and STP of executed trades. It will also feed through to the machine learning application which is currently being tested with a small number of users across the division. This machine learning application will equip our brokers with tailored analytics, personalised feeds of news, pricing, historical patterns of activity and correlations, providing a better service to clients.

Institutional Services

Institutional Services ('IS') provides venue agnostic, agency execution services to buy-side clients including hedge funds, asset managers, and other non-bank financial institutions.

IS assists clients in the increasingly complex task of trade and venue selection, order routing and post-trade analytics across listed derivatives, FX, government bonds, cleared interest rate swaps and, as of December 2019, cash equities. The year saw continued expansion of the client portfolio and, notably, significant progress in meeting demand for increased automation through the entire trade lifecycle.

While the non-bank, agency execution model remains in its infancy, we expect to see the total market size for this service type to grow. It is becoming an accepted proposition which reflects certain economic shifts on both the client and traditional dealer side as well as growing belief that post trade reporting can do more than meet regulatory minimums when provided by a non-risk taking agent. The changes are very pronounced in some markets where competitive pressures are seeing market structure become highly fluid.

The business had good momentum with full year revenues of £75m, up 23% on a reported basis, 21% on a constant currency basis, compared to 2018. Growth was driven by its client demand in our core product offering in FX, listed derivatives, relative value execution and cleared interest rate swaps. We are well positioned for further growth in 2020, driven by prudent geographic expansion of established business lines as well as expected traction in recently established new products. We also expect to see greater scale benefits resulting from improvements in our deployment of FIX messaging over the past year.

In addition to our existing growth initiatives, we will continue to hire individuals who will help us achieve our next growth objectives.

Chief Executive Officer's review continued

We are pleased with our client acquisition rate, but it is evident that documentation backlogs across the industry are creating longer lead times to full client engagement. While this may result in a lag in corresponding revenue expansion, we are comfortable that ultimately, this proves supportive for a substantial agency execution business such as IS with access to the broader resources of the TP ICAP Group.

Data & Analytics
Our Data & Analytics business provides unbiased data products that facilitate trading, enhance transparency, reduce risk and improve operational efficiency. We are a leading provider of neutral Over The Counter ('OTC') pricing data. We have pricing, reference data and analytical tools for major asset classes and markets. We pride ourselves on our rigorous quality assurance processes, which ensure the integrity and robustness of our products. In 2019, we successfully unified Tullett Prebon, ICAP and PVM data distribution and beta tested our new FIX delivery service (known as SurFix) for client launch in H1 2020.

It was another strong year of growth for the Data & Analytics business, with a 15% revenue increase on a reported basis, 11% on a constant currency basis, to £135m, up from £117m in the prior year. Growth was driven by the launch of new products, through the acquisition of new clients and via expanding our relationship with existing clients, as well as seeing new regulatory requirements drive a growing demand for data.

New clients wins in 2019 include Non-Bank Liquidity providers, Hedge Funds, Asset Managers, Asset Owners, and Channel Partners spread across Europe, the Americas and Asia.

Our momentum in new product launches continued throughout the year, with 16 new products launched in 2019, compared to four in 2018. We continue to look to expand our distribution partners and in the year launched our first product on AWS Data Exchange. We have continued to strengthen the senior management team and during the year recruited a new Chief Technology Officer and a new Head of Global Sales as well as building out the product management function and Channel Management functions.

While we are pleased with the growth momentum demonstrated by Data & Analytics, we believe that there is more value that can be captured by the business as we move up the value chain and we continue to see it as a key driver of TP ICAP's diversification strategy. While we have seen good organic growth within the D&A business, we see selective opportunities to accelerate that development.

Operational delivery
We outlined our four key priorities at the start of the year: completing the integration of the ICAP voice business; the implementation of a new global risk management framework; preparing for Brexit; and ensuring we had the right senior management team.

The integration
Since my appointment as CEO, I have been clear that the successful completion of the integration of the two businesses by the end of 2019 was a priority. I am pleased to say that this has been successfully completed. We have achieved a synergy run rate of £80m, against the revised target of £75m. We had previously stated that we expected the total cost of integration to be £160m, and in total integration costs were £164m.

The integration has been a significant focus of the business and, now complete, it provides the Group with an infrastructure that is scalable, will allow future innovation, and will allow us to streamline our post-trade processing to increase efficiency and reduce operational risk.

We have integrated senior management structures across the businesses, regions and corporate functions. We have introduced single HR and Finance platforms across the Group and have carried out a major office consolidation programme at key hubs including New York, Singapore, Hong Kong and for the Energy & Commodities business in London, and are due to move into our new London head office this year.

With regard to IT, we now have eight data centres globally, down from 15 and have migrated 245 business desks to the combined technology platforms, 131 of which were migrated this year. The build out of our shared service centre in Belfast continues and we now have just under 300 employees there carrying out a number of different functions including operations, IT services, HR and procurement.

We have stated our intention to reduce the number of legal entities within the Group. On completion of the ICAP transaction we had well over 200 separate legal entities, and we expect to reduce this number materially. The reduction in legal entities will simplify governance, accounting and audit processes as well as reduce future governance costs significantly. It will also streamline internal liquidity management making the flow of funds within the group easier and more efficient.

The senior management team
One of my first priorities upon appointment was to establish a strong senior management team that could drive the business forward. This team was in place at the start of 2019, and I have since focused on strengthening the next layer of management to help implement and drive our new growth strategy, as well as ensuring we had the right structure and reporting lines for the company.

We have been fortunate to hire a number of experienced and high calibre individuals to help drive our strategy. In 2019 we hired a new Global Head of Strategy, Global Head of HR, Chief Information Officer and Group Head of Compliance and early in 2020 hired a new Chief Transformation Officer, who will be responsible for putting in place the implementation plan for our strategy.

We will be broadening our existing geographic operating profit disclosure. From now, we will be reporting underlying operating profit for each business line.

Responsibility for revenue generation naturally sits with the four global business divisions who are more closely aligned with their clients and needs. We have appointed regional CEOs to oversee culture, risk, governance and the regional maintenance functions to ensure that the support and control infrastructure in each region has the capability to assist revenue generation and enhance the success of our business.

These new appointments strengthen our governance significantly, resulting in a more streamlined senior management team with clearer responsibilities and accountability.

New risk framework

In 2019, we undertook a review of our global risk management framework to take into account the increased scale and diversity of our business and to respond to regulatory expectations. As a result of this work, we introduced our new Enterprise Risk Management Framework ('ERMF') in the second half of the year.

The ERMF comprises three mutually reinforcing components: a sound risk management structure, a comprehensive risk management and governance structure and a range of risk management processes. The Group is undertaking a range of actions to develop and embed its risk management framework in response to changes in the business and regulatory feedback. The framework continues to evolve with the objective of improving the Group's risk management capability and supporting the delivery of the Group's business strategy.

A robust risk framework will enable us to play our role in maintaining the integrity and professionalism of the markets where we operate. It is also a competitive differentiator, particularly as we go out to win new clients who in their selection of service providers look beyond liquidity and pricing.

Brexit

Preparation for all Brexit eventualities has been a critical focus for TP ICAP. Ensuring that we are in a position to continue to service our clients has been a significant regulatory and operational challenge.

To achieve this, we have set up and capitalised a new company in Paris called TP ICAP Europe and moved our French, German, Spanish and Danish trading branches to sit under this company. This means that the business we currently transact from these offices is protected in the event of a hard Brexit.

We have set up three new EU venues – one multilateral trading facility ('MTF') and two organised trading facilities ('OTF') – so that our EU activity can be conducted on MiFID II compliant venues. These venues are now authorised and conducting business.

For the business we transact for EU based clients through our broking desks located in the UK, we have plans in place to protect this business by putting more front office staff in our EU offices and changing some of our workflows.

We are yet to know what the terms of leaving are and how that may impact our business but are prepared for all presently foreseeable outcomes. In the meantime, we continue to liaise with our clients to understand what plans they have so that we can continue to provide them with a high quality service. Ultimately, the distribution of our brokers between the UK and EU will depend on our clients' requirements but with the proposed acquisition of Louis Capital, which we announced in December, we will significantly increase our footprint in Continental Europe with an additional 70 brokers. We continue to expect the UK to remain a major centre for financial, energy and commodities markets.

Building the business of the future

Our goal is to be the world's largest provider of inter-dealer OTC marketplaces by ensuring that our offering evolves, and remains relevant to our customers. Additionally, we plan to continue to diversify our earnings by expanding the product range and customer base for our data and analytics offering, as well as for our institutional agency broking services.

The markets in which we operate are changing, as are the demands of our customers, and it is imperative that we adapt to capitalise on these changes. We have previously identified the following as the key pillars of our strategic framework:

> Electronification and technology;
> Liquidity aggregation;
> Diversification; and
> People, conduct and compliance.

The Group's key financial performance indicators include:

> Revenue growth;
> Earnings diversification (i.e. earnings growth excluding Global Broking growth);
> Contribution margin;
> Underlying operating profit margin; and
> Underlying earnings per share.

Electronification and technology

We intend to grow our profits by improving the efficiency of our client-facing services and internal operations across the Group. The integration we have just completed represents a major step on our technology journey as we eliminated legacy platforms and begin streamlining our processes.

We will introduce new technology to add value to our clients: from onboarding new customers, to streamlining the trade lifecycle. The degree and manner of electronification will depend on the nature of the market and product.

Chief Executive Officer's review continued

Liquidity aggregation
In 2019 we were the largest inter-dealer broker by revenue, and we intend to remain a global leader by using technology to improve market depth – specifically, our customers' ability to access, and interact with, the liquidity available across the Group's separate and competing brands.

Diversification
We will seek to continue to leverage our OTC markets expertise and capability to further diversify our revenues. The Group aims to continue to invest in Data & Analytics division where we are already a leading provider of OTC data products and services. We accelerated the introduction of new products in 2019, and aim to launch additional datasets, to grow the customer base for our data, as well as to create and commercialise a suite of more sophisticated value-added analytics products, targeted at a growing number of regulatory and other use cases.

The majority of our execution-related revenues derive from customers in the inter-dealer market. However, through our Institutional Services division, we have been growing our presence in the institutional market (i.e., asset managers and hedge funds). We will continue to invest in this business, by expanding our product and regional footprint, and broadening and deepening our customer relationships.

People, conduct and compliance
The Group aims to continue to attract, develop and retain the best-in-class for our staff and provide a respectful and enjoyable workplace for our colleagues that supports innovation, high performance with continuing personal and professional development. A robust culture of conduct and compliance is essential to our position as a trusted operator in highly regulated markets. In 2019, we appointed our regional CEOs whose focus includes ensuring high standards of conduct, compliance and improve the communication with various regulatory bodies.

Introduction of a new Jersey incorporated holding company
TP ICAP has seen meaningful growth in the size of its Asia Pacific and Americas business due to the acquisition of ICAP in 2016. As a result, the Board has reviewed the appropriateness of the Group's international corporate and governance structure. Following the review, we are proposing to incorporate a new Group holding company in Jersey. The proposed new structure is subject to shareholder and regulatory approvals.

We believe that the proposal will result in a corporate structure that should provide greater financial flexibility for the Group, support the effective governance of the business and improve the competitiveness of the Group. As a key part of the proposal, the Group's tax domicile and location of its primary stock exchange listing would remain in the UK. Shares in the new Group holding would continue to be listed on the Premium segment of the Main Market of the London Stock Exchange and are expected to be eligible for FTSE index inclusion.

We do not believe our credit rating or outstanding bonds will be affected by the proposal, and nor do we expect there to be any impact on the location of employees. We intend to publish a prospectus and circular summarising the proposal in Q2 2020 and, subject to receiving the requisite third party consents we expect the domiciliation to be complete before the end of H1 2020.

Coronavirus
At the time of writing we have seen an increase in the number of people who have been infected with Covid-19, or the coronavirus, in many parts of the world. The situation is constantly evolving, and we are monitoring its global spread.

Our people are our business, and we are doing all that we can to safeguard them. In line with best practice guidelines we have put precautions and measures in place including travel restrictions and self-quarantine requirements. These measures will adapt and change as we receive advice from health organisations and governments and in this way we will endeavour to ensure the wellbeing of all our colleagues, their families and others, as well as continue to provide unbroken service to our clients.

Near-term outlook
The overall macroeconomic backdrop remains uncertain driven largely by Covid-19, global growth and ongoing Brexit negotiations. While this environment impacts our clients' activity, the resulting volatility also creates market opportunities that give us confidence for the future.

Concluding comments
I am pleased with the progress we have made in 2019. We delivered on our four priorities and have made significant strides in developing the strategy that will ensure we can deliver sustainable, profitable growth in the future. I am excited about the opportunities for TP ICAP. We have achieved a considerable amount in the past 12 months and this has only been possible through the hard work and dedication of our employees. I would like to thank them all for their very valuable contribution throughout the year.

Nicolas Breteau
Chief Executive Officer
10 March 2020

Market factors

Market factors, implications and our response

Our business is influenced by a number of external factors. A summary of some key market factors which currently affect TP ICAP and are expected to continue in the coming years, is set out below:

Market factor	Description	Implications for TP ICAP	TP ICAP's response
Competitive environment	TP ICAP has a wide range of international competitors in the market infrastructure space, including inter-dealer brokers, exchanges and electronic platforms.	Competition has intensified due to new participants and a difficult economic backdrop. In addition, certain rivals have discounted heavily to retain and win new business, as well as offering significant remuneration packages to attract new staff.	TP ICAP has adopted a proactive approach to client engagement and client experience, and has focused on the organisation becoming a more attractive place to work for all its employees. Additionally, we continue to defend ourselves aggressively against poaching attacks.
Regulation	TP ICAP operates under the jurisdiction of a number of different regulators. The overall trend globally continues to be towards increasing levels of regulatory oversight.	The trends in global regulation place an additional resource and cost requirement on TP ICAP. They also increase the chance of regulatory action being faced by the Group, as well as greater levels of scrutiny.	We continue to invest in our risk and compliance frameworks and in our staff to ensure we have the right skills to advise and direct our business on the implications of the changing regulatory environment.
Technological advances	Technological advances potentially enable a new generation of competitors to disrupt existing players. Advances in technology bring changes in how our clients' businesses are run and in the risks they face. Similar matters directly impact our own business.	Technology has the potential to provide both positive and negative outcomes to the Group. Improved technology allows us to enhance the services we provide to clients, improving efficiency and profitability. It also presents challenges if the Group's technology strategy is not in line with overall market developments.	Following the integration of ICAP, we will increase the amount of investment we make in technology upgrades, as technology is paramount to our long-term ambitions. We will seek to partner with companies who specialise in technology to improve the time-to-market of new functionality. We have developed a high-quality development expertise in-house in our Belfast centre which will complement our teams in all our major offices, to roll out enriched platforms quickly to our front office, support staff and clients.
Big data developments	Significant volumes of data can be collected and analysed far more quickly and cheaply than in the past. Combined with machine learning tools, this can enable deeper and faster market and behavioural insights to be formed.	Much of the data we have gathered in the past and present could now be developed into sophisticated products in a way that was not feasible or cost effective in the past.	We aim to develop ourselves or partner selectively with specialist companies that can assist us to develop and launch tools that enable us to use our extensive library of data. This will be supplemented with other sources to improve and increase the products and services we provide our brokers and clients.

Strategy

TP ICAP operates at the heart of global wholesale over-the-counter ('OTC') and exchange-traded markets. We are active across all major financial, energy and commodities asset classes, providing both data and execution services. Our goal is to retain our position as the world's largest provider of inter-dealer OTC marketplaces – including both broker-supported voice and hybrid execution services and fully electronic platforms – by ensuring that our offering evolves, and remains relevant to our customers. In addition, we intend to continue to diversify our earnings mix by expanding the product range and customer base for our data and analytics offering, as well as for our institutional agency broking services.

To continue serving our customers well, we must continue to evolve, in line – and sometimes in advance of – changes in market structure and the associated needs of market participants. We have identified the following as the key themes of our strategic framework:

> Electronification and technology;
> Liquidity aggregation;
> Diversification; and
> People, conduct and compliance.

Electronification and technology
We intend to enhance our medium-term profitability potential by better using technology to improve the efficiency of our client-facing services and internal operations, across the Group. The post-merger integration of the Tullett Prebon and ICAP operating platforms – which we completed in 2019 – represented a major step on our technology journey. Our integration work resulted in the elimination of legacy platforms and the streamlining of several processes. Going forward, we will increase our focus on deploying technology in value-added customer-facing use cases – from the onboarding of new customer relationships, to streamlining the trade lifecycle (order initiation to straight-through processing ('STP')). We note that our approach to electronification will necessarily vary across product markets, reflecting relevant structural characteristics, such as relative size, maturity, homogeneity, regulatory regime and regional attributes.

Liquidity aggregation
In recent years, the completion of certain acquisitions – most notably of ICAP's voice broking division – enabled us to enhance the breadth of our inter-dealer brokerage franchise. In 2019, TP ICAP was the largest inter-dealer broker by revenue. We intend to remain a global leader by using technology to improve market depth – specifically, our customers' ability to access, and interact with, the liquidity available across the Group's separate – and competing – brands.

Diversification
We will seek to continue to leverage our OTC markets expertise and capability to further diversify our revenues. The Group aims to continue to invest in its Data & Analytics division. We are a leading provider of OTC data products and services. Over 2019, we expanded the number of datasets we make available to customers, and we expect to launch further data products in 2020. Over the next several years, we will be aiming to launch additional datasets, to grow the customer base for our data, as well as to create and commercialise a suite of more sophisticated value-added analytics products, targeted at a growing number of regulatory and other use cases. The majority of our execution-related revenues derive from customers in the inter-dealer market. However, through our IS and Energy & Commodities divisions, we have been growing our presence with non-bank customers, such as corporates, asset managers and hedge funds. We will continue to invest in these segments, by expanding our product and regional footprint.

People, conduct and compliance
The Group aims to attract, develop and retain the best-in-class talent and provide a respectful and enjoyable workplace that supports innovation, teamwork, high performance with continuing personal and professional development. A robust culture of conduct and compliance is essential to our position as a trusted operator in highly regulated markets. Our newly created regional CEO positions ensure high standards of conduct, compliance and improve the communication with various regulatory bodies.

Financial performance
Whilst recognising that our near-term financial performance in any given reporting period will reflect operating conditions (including market direction, and price volatility), over the medium term, we expect our strategic foci to deliver:

> higher percentage of low-touch (i.e. electronic) broking revenues;
> further diversification of earnings; and
> underlying operating margin expansion.

As a core provider of global OTC market infrastructure and services, we believe it is necessary and appropriate to plan over a multi-year horizon, and so to maintain an appropriate cross-cycle level of investment, such that the Group may ensure its ability to adapt and evolve in line with both the demands of our customers, and the expectations of regulators. The key financial indicators we track may fluctuate over reporting periods. Where possible, we endeavour to provide useful context to assist investors in understanding underlying trends.

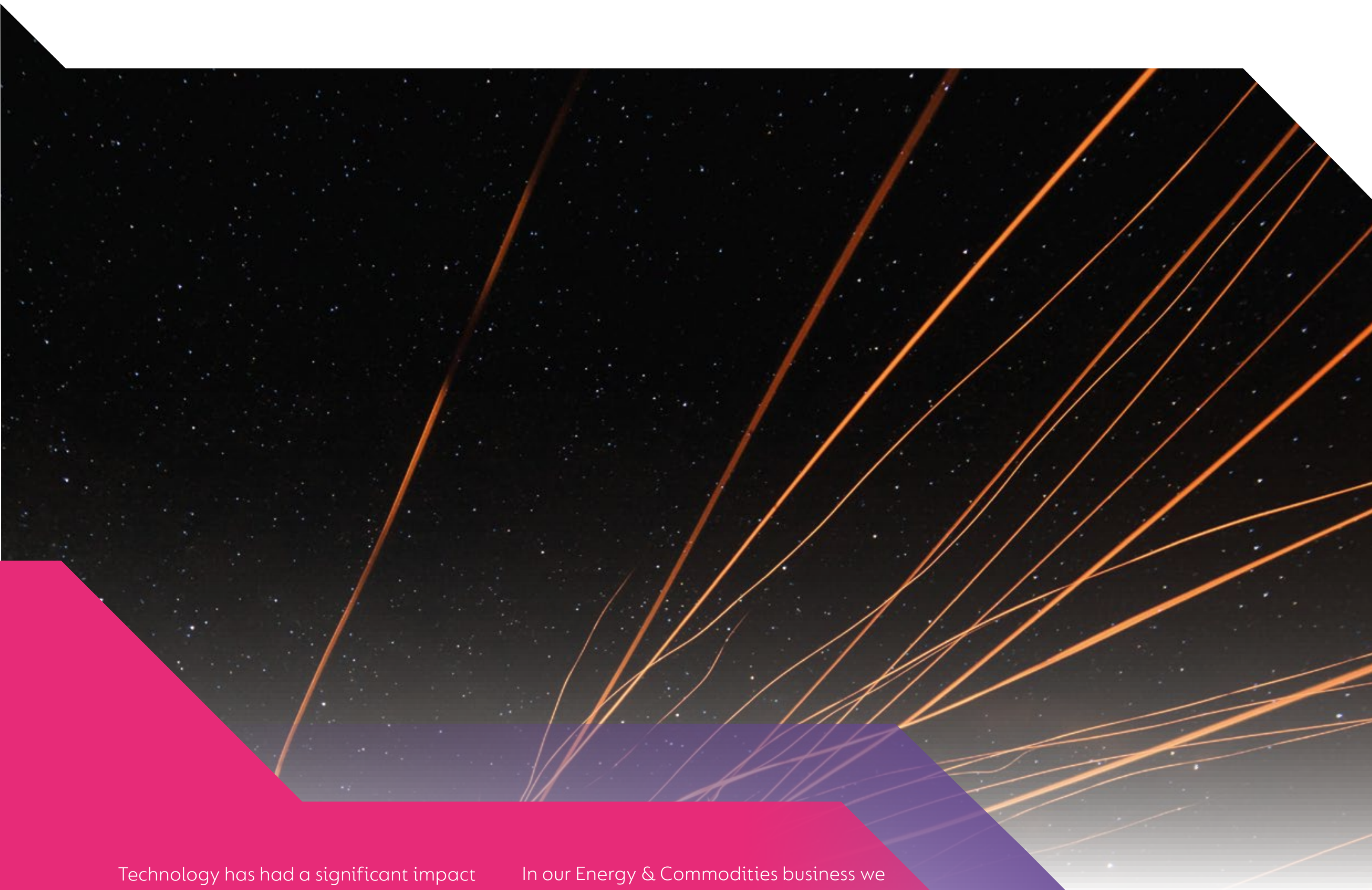
Key financial performance indicators
The Group's Key financial performance indicators include:

> Revenue growth;
> Earnings diversification (i.e. excluding Global Broking);
> Contribution margin;
> Underlying operating profit margin; and
> Underlying earnings per share.

Refer to the KPI section on pages 18 and 19 for further details.

Case study: **Technology**

Technology has changed the way our industry operates.



Technology has had a significant impact on the way we conduct our business. We offer a range of electronic and hybrid methodologies to allow our clients to execute trades, depending on the markets in which they operate.

We are continuing to invest in technology to make the execution experience quicker and more efficient for our clients. For example, in our Global Broking Credit business, we have successfully run pure electronic matching sessions and launched two new platforms in the US in 2019. One was a portfolio optimisation bond platform and the other was Crosstrade, which enables asset management firms to transition bonds between funds. We also acquired a fintech company, ClearCompress, that provides a market leading bilateral compression service in cleared and uncleared interest rate swaps.

In our Energy & Commodities business we have developed an electronic whiteboard, due to be rolled out in 2020, which enables the efficient capture of multiple data points from client interaction. When fully deployed it will enable better sharing of liquidity across the desks, automatic calculation of spreads, and Straight Through Processing of executed trades. It will also feed through to a machine learning application which is currently being tested with a small number of users across the division.

Case study: **People**

A dynamic culture with a strong emphasis on conduct and integrity.

In 2019, we restructured the reporting lines of senior management to ensure greater accountability and efficiency within the business.

This was driven by the growing complexity and importance the support infrastructure plays in the success of our principal business divisions, as well as by the tightening of the regulatory agenda and particularly the introduction of the FCA's Senior Managers and Certification Regime.

Given these factors, we determined that we needed to appoint Regional CEOs, independent from business divisions. These Regional CEOs now have a remit to oversee culture, risk and governance in their respective region, but will not have responsibility for brokers or revenues.

The Regional CEOs report directly to the Group CEO. They have oversight of the regional support functions alongside the global support function heads to ensure that the infrastructure in each region has the capability to support revenue generation and enhance the success of our growing range of businesses.

Case study: **Diversify**

The markets we operate in are constantly evolving, creating opportunities for us.

The markets in which we operate are changing constantly, creating opportunities for TP ICAP to offer new services, acquire new clients and ultimately diversify our revenue streams.

TP ICAP has been closely monitoring the development of digital assets as we recognise the transformational effect that the underlying distributed ledger technology could have across our industry. A working group was set up at the end of 2017 to identify opportunities, evaluate potential disruption and determine how we could best service our existing and future clients in this area.

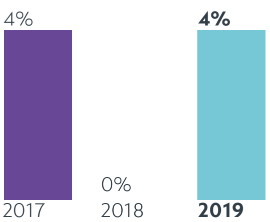
In October 2018 we launched our Digital Assets business, initially providing our clients with OTC liquidity in the CME Bitcoin Future. This has now expanded to include the CME Bitcoin Options and the ICE (Bakkt) Bitcoin Futures and Options. Digital Assets is part of TP ICAP's Electronic Markets division, based in London with desks in Asia and the US expected to follow.

We are continually evaluating other digital asset opportunities and are exploring how our global network of trading venues can provide institutional solutions to clients within this asset class. Digital Assets are working collaboratively across our businesses, such as with the Data & Analytics division to identify data driven opportunities in this nascent asset class.

Key performance indicators

Financial KPIs

1 Revenue growth
(%)

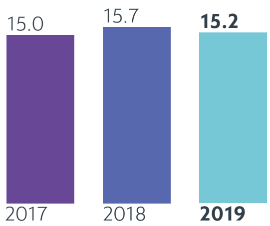


KPI definition
Revenue growth is defined as the annual growth of total reported revenues. Group revenues are shown on page 22.

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. 2019 saw mixed market conditions with Global Broking revenues declining 1%, but the other three divisions growing double-digit. Overall the Group grew revenue by 4%.

Link to our strategy
> Liquidity aggregation
> Electronification
> Diversification

2 Underlying operating profit margin
(%)

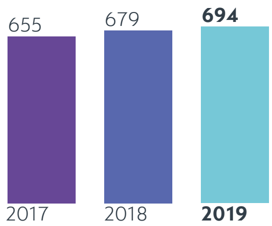


KPI definition
Underlying operating profit margin is calculated by dividing underlying operating profit by revenue for the period. A reconciliation of underlying operating profit to statutory operating profit is shown on page 21.

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 2019 has slightly reduced due to minor increases in operating expenses and some FX headwinds.

Link to our strategy
> Electronification
> Diversification
> People, conduct and compliance

3 Contribution
(£m)



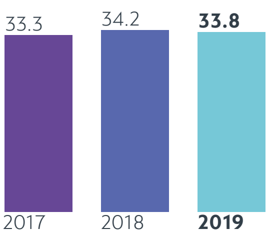
KPI definition
Contribution is calculated as revenue (at constant exchange rates) less broker compensation and other front office costs. It also includes the revenue of the data business less direct costs. See contribution section on page 26.

Comment
Contribution measures the profitability of our business. The absolute level is important as contribution less management support costs flows through to operating profit. By increasing the level of contribution the business increases returns to shareholders. During the year the Group increased contribution by 2% on a reported basis on higher revenues, partially offset by higher front-office costs.

Link to our strategy
> Liquidity aggregation
> Electronification
> Diversification
> People, conduct and compliance

Non-financial KPI

4 Underlying earnings per share ('EPS') (p)

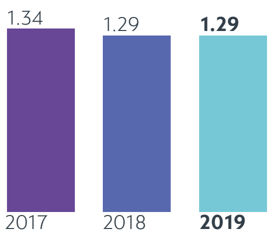


KPI definition
Underlying earnings per share is calculated by dividing the underlying profit after tax by the basic weighted average number of shares in issue. A reconciliation to statutory EPS is shown on page 20.

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 increase in underlying EPS in 2019 reflects the improved underlying performance of the business year-on-year.

Link to our strategy
> Technology
> People, conduct and compliance
> Diversification

5 Ratio of front office to support function employees



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

Comment
The ratio of front office employees to support function employees is an indicator of the efficiency of our business model. The ratio of front office employees to support function employees remained the same compared to 2018 reflecting an increase of compliance personnel, offset by reductions in other support headcount.

Link to our strategy
> Technology
> People, conduct and compliance

All our KPIs, are Alternative Performance Measures (APM) as defined by Financial Reporting Council (FRC). We provide these to offer additional, insights into the Group's financial results. These are clearly defined below.

The rationale for using each APM is:

> Revenue growth (%) – This shows the annual reported revenue growth. This highlights our potential ability to bolster our revenues based on different economic cycles
> Underlying operating profit margin (%) – This shows the operating profit margin excluding exceptional, acquisition, integration and disposal-related items. As the nature of these items is either non-recurring (e.g. integration costs) or deal-dependent (e.g. amortisation of intangible assets), the underlying operating profit margin shows our recurring profitability capacity;
> Contribution – This is an important measure of our profitability; as it provides a view of front-office revenues less compensation and other direct costs (e.g. settlement and clearing fees). Increased contribution leads to increased returns for the shareholders
> Underlying earnings per share ('EPS') – This shows the basic EPS of the Group excluding exceptional, acquisition, integration and disposal-related items. As the nature of these items is either non-recurring (e.g. integration costs) or deal-dependent (e.g. amortisation of intangible assets), the underlying EPS shows our recurring earnings capacity; and
> Ratio of front office to support function employees – This has been an important KPI during the ICAP integration programme, as it has been indicative of the efficiency of our business model as we looked to reduce the headcount support staff. In recent years, the reduction of this ratio was less pronounced as our planned support function decreases were offset by growing investment in risk and regulatory functions.

Financial and operating review

Robin Stewart
Chief Financial Officer

Introduction

2019 has been a year marked by challenging conditions in financial markets with generally muted levels of volatility. From a TP ICAP perspective we have completed the ICAP integration and now focus on our medium term strategy, focusing on liquidity aggregation, electronification and diversification.

Statutory Income Statement

2019

Income statement £m	Underlying	Acquisition, disposal and integration costs	Exceptional items	Total
Revenue	**1,833**	**–**	**–**	**1,833**
Underlying operating profit	279			279
Net charge relating to legal settlements	–	–	(10)	(10)
ICAP integration costs	–	(34)	–	(34)
Impairment of intangible assets arising on consolidation	–	(24)	–	(24)
Amortisation of intangible assets arising on consolidation	–	(42)	–	(42)
Adjustments to acquisition consideration	–	(6)	–	(6)
Charge relating to employee long-term benefits	–	–	(5)	(5)
Charge relating to business reorganisation	–		(7)	(7)
Other acquisition and disposal items	–	(9)	–	(9)
Operating profit	**279**	**(115)**	**(22)**	**142**
Net finance expense	(49)	–	–	(49)
Profit before tax	**230**	**(115)**	**(22)**	**93**
Tax	(55)	15	–	(40)
Share of net profit of associates and joint ventures	15	–	–	15
Non-controlling interests	(1)	–	–	(1)
Earnings attributable to the equity holders of the parent	**189**	**(100)**	**(22)**	**67**
Average number of shares	559.4m			559.4m
Basic EPS	**33.8p**			**12.0p**

2018

Income statement £m	Underlying	Acquisition, disposal and integration costs	Exceptional items	Total
Revenue	1,763	–	–	1,763
Underlying operating profit	276	–	–	276
Net charge relating to legal settlements	–	–	(3)	(3)
ICAP integration costs	–	(44)	–	(44)
Remeasurement of deferred consideration	–	(5)	–	(5)
Impairment of intangible assets arising on consolidation	–	(65)	–	(65)
Impairment of associate interest	–	(3)	–	(3)
Amortisation of intangible assets arising on consolidation	–	(40)	–	(40)
Charge relating to employee long-term benefits	–	–	(2)	(2)
Charge relating to business reorganisation	–	–	(18)	(18)
Other acquisition and disposal items	–	(3)	–	(3)
Operating profit	276	(160)	(23)	93
Net finance expense	(31)	–	–	(31)
Profit before tax	245	(160)	(23)	62
Tax	(63)	10	14	(39)
Share of net profit of associates and joint ventures	12	–	–	12
Non-controlling interests	(3)	–	–	(3)
Earnings attributable to the equity holders of the parent	191	(150)	(9)	32
Average number of shares	558.5m			558.5m
Basic EPS	34.2p			5.7p

"Total revenue of £1,833m was 4% higher than in 2018 on a reported basis (1% on constant currency basis)."

Our key financial and performance metrics for 2019 are summarised in the table below together with comparatives from the equivalent period in 2018 on a reported basis.

	2019	**2018**	**Change**
Total revenue	£1,833m	£1,763m	+4%
Underlying operating profit	£279m	£276m	+1%
Underlying operating margin	15.2%	15.7%	-0.5% pts
Statutory operating profit	£142m	£93m	+58%
Statutory operating margin	7.7%	5.3%	+2.4% pts
Broking contribution*	£626m	£624m	+0%
Broking contribution margin*	36.4%	37.5%	-1.1% pts
Data & Analytics contribution*	£68m	£55m	+24%
Data & Analytics contribution margin*	50.4%	47.0%	+3.4% pts
Total contribution	£694m	£679m	+2%
Global Broking underlying operating profit margin	17.5%	19.9%	-2.4% pts
Energy & Commodities underlying operating profit margin	12.0%	9.6%	+2.4% pts
Institutional Services underlying operating profit margin	4.0%	1.6%	+2.4% pts
Data & Analytics underlying operating profit margin	43.7%	41.9%	+1.8% pts
Average broker headcount	2,740	2,727	+0%
Average revenue per broker (£'000)**	620	604	+3%
Average contribution per broker (£'000)***	228	229	-0%
Broker headcount – period end	2,784	2,671	+4%
Broker support headcount – period end	1,824	1,704	+7%
Other support headcount – period end	300	369	-19%
Broker compensation costs: broking revenue****	53.1%	52.2%	+0.9% pts

* Broking and Data & Analytics contribution and contribution margins are defined in the Contribution & Underlying Profit by Division section. Prior year figures have been restated due to inter-division revenues in Global Broking and Energy & Commodities, and inter-division front-office costs in Data & Analytics.

** Average revenue per broker is defined as Total Broking revenues excluding inter-division revenues divided by average broker headcount

*** Average contribution per broker represents broking contribution (as defined in the Contribution section) divided by the average broker headcount with the prior year comparative calculated on the same basis.

**** Broker compensation costs: broking revenue is defined as Total Broking compensation costs divided by Broking revenues excluding inter-division revenues

Average broker headcount was in line to 2,740 in 2019 from 2,727 in 2018, but with 3% increase in average revenue per broker, the resulting broking revenue was 3% higher than 2018 on a reported basis.

The period-end broking support headcount increased by 7% primarily reflecting in-sourcing (including Belfast), and investing in Risk and Compliance functions as a response to increasing regulatory demands.

The tables that follow analyse revenue by business division as well as revenue and underlying operating profit by region for 2019 compared with the equivalent period in 2018, on a reported basis. The table also shows the change on a constant currency basis.

A significant portion of the Group's activity is conducted outside the UK and the statutory revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The comparative data in the tables below therefore shows the statutory revenue change, but also the constant currency basis, where the revenues are translated at the same exchange rates as those used for 2018.

Financial and operating review continued

Revenue

Total revenue of £1,833m in 2019 was 4% higher than 2018 on a reported basis, and 1% higher at constant exchange rates.

Revenue by business division

£m	2019	2018	Reported Change	Constant Currency Change
Rates	537	523	+3%	+1%
Credit	94	101	-7%	-10%
FX & Money Markets	201	207	-3%	-5%
Emerging Markets	213	213	+0%	-2%
Equities	199	210	-5%	-7%
Inter-division revenues**	18	18	0%	0%
Total Global Broking	**1,262**	1,272	-1%	-3%
Energy & Commodities	379	331	+15%	+11%
Inter-division revenues**	3	2	+50%	+50%
Total Energy & Commodities	**382**	333	15%	11%
Institutional Services*	**75**	61	+23%	+21%
Data & Analytics	**135**	117	+15%	+11%
Inter-division eliminations***	**(21)**	(20)	+5%	+5%
Reported Revenues	**1,833**	1,763	+4%	+1%

* For 2018 £24m of revenues have been reclassified from Rates business into Institutional Services as the Global Broking Relative Value (RV) Rates businesses have been reclassified to move all RV desks under Institutional Services. This is to reflect the mechanics of the underlying business.

** Institutional Services growth rate would have been 21% and 19% on a reported and constant currency basis respectively excluding the aforementioned move of the RV desks

*** Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. Previous year has been restated in line with the new presentation format. The broking inter-segmental revenues and Data & Analytics inter-segmental costs are eliminated upon the consolidation of the Group financial results.

Conditions in financial markets have generally been challenging in 2019 with an uncertain environment across the world. Muted volatility and a flattening yield curve are generally negative pressure for our broking divisions. Despite this macroeconomic backdrop, Global Broking Rates, Energy & Commodities, Data & Analytics and Institutional Services performance was strong but was offset by subdued performances in Global Broking's Credit, Equities and FX & Money Markets.

Inter-division revenue has been recognised in Global Broking and Energy & Commodities to identify the value of data provided to the Data & Analytics division. Additionally, the Relative Value ('RV') businesses from the Rates division in Global Broking have been reclassified to move all RV desks within the Group under Institutional Services. This leads to a £24m 2018 revenue reclassification from Global Broking Rates to Institutional Services.

Global Broking revenues were -1% on a reported basis (-3% on a constant currency basis) with Rates division growing by 3% on reported basis (+1% on constant currency basis). Conditions in credit markets continue to remain challenging, with a number of new competitors, lack of new issuance as well as restrictions on clients' balance sheets, resulting in a reduction in Credit revenue of -7% on a reported basis (-10% on a constant currency basis). Equities and FX & Money Markets both saw revenue declines of -5% (-7% on a constant currency basis) and -3% (-5% on constant currency basis) respectively compared with prior year due to subdued client activity on lower volume and volatility.

Energy & Commodities revenue increased +15% on a reported basis (+11% on a constant currency basis) compared to 2018 on a reported basis due to a combination of positive markets, strategic hires and the acquisition of Axiom at the end of 2018. Oil revenues increased by 9% year-on-year, with increased market activity driven by events in the Middle East. Separately, Power & Gas businesses both reported strong revenue growth as they benefitted from favourable market conditions.

Institutional Services revenue has grown by 23% (+21% on a constant currency basis) compared to 2018 at reported basis. The business performed well in its core products with higher client appetite in relative value execution, FX, listed derivatives, and cleared interest rate swaps. This was led by client demand resulting from changing market dynamics as investment banks reorganise their sales coverage teams. New hires and continued improvement in client onboarding processes have also improved the performance of the business. As explained above; the Relative Value desk from the Rates division in Global Broking has been reclassified to move all RV desks under Institutional Services. The business would have grown 21% and 19% on a reported and constant currency basis, excluding this reclassification.

Data & Analytics revenue was 15% higher than 2018 at reported basis (11% at constant currency basis) with the business executing a number of targeted organic growth opportunities during the year that have enabled it to monetise more proprietary data by releasing a higher number of new products with a larger salesforce. In addition, the division continued to win a number of new clients across hedge funds, sovereign wealth funds, market data vendors and independent software vendors. Inter-segmental charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. These inter-division charges are based on commercial terms benchmarked against third party rates and rates charged by TP ICAP's broking desks to third parties.

The broking inter-division revenues and Data & Analytics inter-division costs are eliminated upon the consolidation of the Group financial results.

Revenue by region

£m	2019	2018	Reported Change	Constant Currency Change
EMEA	**900**	886	+2%	+1%
Americas	**687**	636	+8%	+3%
Asia Pacific	**246**	241	+2%	-1%
Reported Revenues	**1,833**	1,763	+4%	+1%

EMEA

Revenue for the region increased by 2% in 2019 compared with 2018 on a reported basis (+1% at constant currency basis). Global Broking revenue declined slightly, with Rates being the only asset class to increase revenues year-on-year. The other four asset classes saw small revenue declines. The first half of the year saw a Brexit-related deadlock leading to a lack of volatility and lower volumes amidst uncertainty. Equally, the prospect of additional quantitative easing throughout Europe were additional headwinds. However, the third quarter was better with a significant leap in volatility and trading volumes, with macro-economic developments around the UK elections, US/China trade war and the first Federal reserve rate cut in 11 years, all contributing to higher volumes.

Revenue from Energy & Commodities increased slightly in the region year-on-year with both Tullett Prebon and ICAP brands reported good revenue growth, partially offset by declines in PVM. The growth came from fuel oil & middle distillates, precious metals, power & gas, coals, liquefied natural gas ('LNG') and gasoil physical. Institutional Services saw a 25% year-on-year increase. This was due to COEX growth, specifically in FX options with a larger clientele. Market conditions have been overall favourable.

Americas

Americas increased revenues by 8% in 2019 versus 2018 on a reported basis (+3% at constant currency basis). This was despite difficult market conditions for TP ICAP's traditional Global Broking business. Within the Global Broking business, general market conditions worsened during 2018 due to a material volatility decrease leading to reduced client appetite. Rates revenues increased by 2% as USD swaps and Treasuries markets strengthened in the second half of the year.

Rates continues to be Americas' largest asset class. Americas' Equities revenue was down 6% year-on-year in spite of new product development. This was due to lower volumes and volatility in US Equities market. However, this product continues to be an area of investment and new product expansion. Emerging Markets and FX & Money Markets businesses saw small revenue declines in 2019. This was due to lower volatility levels, client de-risking in Forward FX, and some new competitors in Local markets. US fixed income markets remained subdued, as TP ICAP reported single-digit revenue decline.

Financial and operating review continued

The Americas' Energy & Commodities business performed strongly, with a 23% revenue increase. There were increased revenues in oil products and ethanol bolstered by the acquisition of Axiom Commodities in November 2018. In addition, we saw strong organic growth in our traditional power and gas businesses. Energy & Commodities continues to be a targeted growth area for TP ICAP Americas across all our brands.

Finally, TP ICAP's Institutional Services performed strongly in 2019. The business continues to expand its product offerings and it remains an area for growth opportunities.

Asia Pacific

Revenue in Asia Pacific in 2019 versus 2018 increased 2% on a reported basis (-1% at constant currency basis). This reflects difficult conditions in Global Broking business, offset by very strong revenue growth in Energy & Commodities. Global Broking revenues in the region declined 8% year-on-year with both Tullett Prebon and ICAP brands reporting lower figures compared with 2018. For Tullett Prebon, the decline primarily reflects the departure of certain credit brokers at the end of 2018. Hong Kong business was impacted from subdued equity derivatives markets and lower FX activity. In Singapore, rates business was affected by quieter markets and personnel changes. Japan saw some revenue decline due to fewer central bank stimulating actions compared to the prior year. For the ICAP brand, revenues dropped 6%, mainly due to the discontinuation of the Korea office in Q1, and the end-2018 closure of Indonesia office. Within specific countries, the ICAP brand saw meaningful increases in rates revenues in Hong Kong and Singapore, partially offset by subdued equity derivatives markets in Hong Kong and Japan. In Australia, we saw significant improvements as the brand recovers post the broker departures in 2017.

Overall, conditions in the Energy & Commodities markets in the region were favourable and revenues from these products grew strongly by 31% year-on-year. The Tullett Prebon and PVM brands enjoyed strong revenue increase, supported by the fuel oil business, gasoline and LNG. The ICAP brand benefitted from increased activity in iron ore options. Moreover, the Australian energy business increased revenue by 61%, with strong electricity revenues supported by favourable market conditions. In addition, the gas business and the newly established precious metals desk provided further revenue uplift.

Underlying administrative expenses

Total underlying administrative expenses of £1,570m in 2019 were 5% higher than 2018 on reported and 2% higher at constant currency basis (see Note 5 in the Financial statements for further details).

Underlying administrative expenses	**2019 £m**	**2018 £m**	**Change £m**	**Reported Change**	**Constant Currency Change**
Broker compensation	**900**	859	41	+5%	+2%
Other front office costs	**193**	183	10	+5%	+3%
Data & Analytics costs*	**46**	42	4	+10%	+7%
Total front office costs *	**1,139**	1,084	55	+5%	+2%
Other staff costs	**215**	226	(11)	-5%	-6%
Technology and related costs	**59**	52	7	+13%	+11%
Premises and related costs	**53**	52	1	+2%	0%
Depreciation and amortisation	**34**	33	1	+3%	0%
Other administrative costs	**77**	52	25	+48%	+45%
IFRS 16 adoption	**(7)**	–	(7)	n.m.	n.m.
Total management and support costs *	**431**	415	16	+4%	+2%
Total underlying costs	**1,570**	1,499	71	+5%	+2%

* Data & Analytics front-office costs (2019: £46m, 2018: £42m) are now included within total front-office costs, whilst previously included within management and support costs. Prior period has been restated in line with this presentation.

The table above sets out administrative expenses on the basis on which management chooses to view this area, divided principally between front office costs and management and support costs. Front office costs tend to have a large variable component to them and are directly linked to the output of our brokers.

The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group.

Overall, the underlying cost base has seen a 5% increase at reported rates to £1,570m in 2019 compared with 2018 (+2% at constant currency rates). This has been driven by an increase in total front office costs. Broker compensation costs increased by £41m (+£18m at constant currency rates) during the period reflecting a 3% increase in broking revenue at reporting rates (+1% at constant exchange rates) and an increase in the broker compensation ratio from 52.2% to 53.1%. The increase in broker compensation reflects the change in revenue mix between the two periods towards businesses with higher compensation ratio, mainly relating to the strong Energy & Commodities growth.

Other front office costs have increased by 5% (£10m) on a reported basis 3% (£5m) at constant currency rates). Reductions of £5m in Telecommunications and Information Services costs have been offset by increases in Travel and Entertainment (£2m), Clearing and Settlement fees (£5m). The increase in front-office Data & Analytics costs of 10% reflect high top-line growth.

The presentation above shows consistent year on year premises and related costs on an IAS 17 basis as we have not adopted IFRS 16 for the prior year. The current year net IFRS 16 adoption item is made up of £27m reduction in premises costs and an additional £20m depreciation of right of use assets.

The £11m reduction (£14m reduction at constant currency rates) in other staff costs on a reported basis reflects the further impact of synergy savings and further staff cost reduction programme pursued during the period, offset by increased headcount in Data & Analytics (£2m), Belfast in-housing, Cyber security, Risk & Compliance.

Technology and related costs includes the costs of all external technology services, including maintenance contracts, consultancy, market data services and communications costs. During 2019 these costs increased £7m on a reported basis year-on-year with a modest amount of cost reductions offset by an £8m increase in third party IT consultancy incurred in respect of Cyber security.

The IFRS 16 adoption reduced administrative expenses relating to operational leases by £7m on a reported basis.

The significant increase in other administrative costs (+£25m on a reported basis, +£24m at constant currency rates) includes an increase in Data & Analytics costs (£3m), substantial increases in legal fees (£7m) arising in the US from Bond Issuance investigation, Swaps Anti-trust class case and employee litigation, one-off costs in respect of the Group strategy, Brexit and other FX costs (£8m).

Synergy savings and administrative expenses

As at the end of December 2019 the cumulative annualised synergy savings achieved from the integration programme were £80m, an increase of £9m on the annualised £71m of synergy savings reported at the end of 2018. Of the £9m additional run rate synergies, £5m were recognised in the period. The table below shows the movement in underlying administrative expenses between 2019 and 2018 re-categorised to reflect the impact of the movement in synergy savings against other costs between the two periods.

2018 reported	FX	2018 constant	Synergy savings	IFRS 16 adjustments	Net cost decreases	Broker compensation	New investments	Planned increases	FX headwind	2019 reported
1,499	36	1,535	(10)	(7)	(2)	18	13	15	8	**1,570**

The net cost decrease of £2m includes back-office cost savings, partially offset some increased legal costs in the US (£7m).

Front Office costs have increased by £18m as explained in the paragraphs above, largely driven by the increase in broking revenue between the two periods, and the increase in the broker compensation ratio.

Financial and operating review continued

The new investments include Data & Analytics resourcing (£5m), strategy project (£3m), IT consultancy and project management (£5m).

The planned increases include change & procurement (£2m), compliance (£2m), risk (£3m), Brexit (£2m), other legal costs (£1m) and cyber-security (£5m). This was in line with our £15m expected spend.

As the ICAP integration is now complete, the Group intends to discontinue the above disclosure in future reports.

Contribution and underlying operating profit by division

Contribution represents the revenue of our businesses less the total front office costs described above. An improvement in the absolute level of contribution is an important metric in driving earnings growth for the Group. In 2019 the overall level of contribution was +2% at £694m year-on-year. The overall contribution margin decreased by 0.6 percentage point to 37.9% as higher revenues were more than offset by higher front office costs. This decline mainly reflects the broker compensation ratio increase, due to revenue shift changes, combined with higher initial contract payments ('ICP') amortisation.

2019

£m	Global Broking*	Energy & Commodities	Institutional Services*	Data & Analytics	Corporate Centre	Total
Revenue:	**1,262**	**382**	**75**	**135**	**(21)**	**1,833**
> External	*1,244*	*379*	*75*	*135*	*–*	*1,833*
*> Inter-division***	*18*	*3*	*–*	*–*	*(21)*	*–*
Total front-office costs	**(775)**	**(261)**	**(57)**	**(67)**	**21**	**(1,139)**
> External	*(775)*	*(261)*	*(57)*	*(46)*	*–*	*(1,139)*
*> Inter-division***	*–*	*–*	*–*	*(21)*	*21*	*–*
Contribution	**487**	**121**	**18**	**68**	**–**	**694**
Contribution margin (%)	*38.6%*	*31.7%*	*24.0%*	*50.4%*	*n/a*	*37.9%*
Management and support costs	**(268)**	**(75)**	**(15)**	**(9)**	(64)	(431)
Other operating income	2	–	–	–	14	16
Underlying operating profit	**221**	**46**	**3**	**59**	**(50)**	**279**
Underlying operating profit margin (%)	*17.5%*	*12.0%*	*4.0%*	*43.7%*	*n/a*	*15.2%*

2018

£m	Global Broking*	Energy & Commodities	Institutional Services	Data & Analytics	Corporate Centre	Total
Revenue:	1,272	333	61	117	(20)	1,763
> External	*1,254*	*331*	*61*	*117*	*–*	*1,763*
*> Inter-division***	*18*	*2*	*–*	*–*	*(20)*	*–*
Total front-office costs	(764)	(229)	(49)	(62)	20	(1,084)
> External	*(764)*	*(229)*	*(49)*	*(42)*	*–*	*(1,084)*
*> Inter-division***	*–*	*–*	*–*	*(20)*	*20*	*–*
Contribution	508	104	12	55	–	679
Contribution margin (%)	*39.9%*	*31.2%*	*19.7%*	*47.0%*	*n/a*	*38.5%*
Management and support costs	(259)	(72)	(11)	(6)	(67)	(415)
Other operating income	4	–	–	–	8	12
Underlying operating profit	253	32	1	49	(59)	276
Underlying operating profit margin (%)	*19.9%*	*9.6%*	*1.6%*	*41.9%*	*n/a*	*15.7%*

* For 2018 £24m of revenues and all associated costs have been reclassified from Rates business into Institutional Services as the Global Broking Relative Value (RV) Rates businesses have been reclassified to move all RV desks under Institutional Services. This is to reflect the mechanics of the underlying business. Institutional Services growth rate would have been 21% and 19% on a reported and constant currency basis respectively excluding the aforementioned move of the RV desks.

** Inter-division charges have been made by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division.

Previous year has been restated in line with the new presentation format. The broking inter-segmental revenues and Data & Analytics inter-segmental costs are eliminated upon the consolidation of the Group financial results. Broker contribution (excluding Data & Analytics) was in-line with £626m, as higher contribution from Energy & Commodities and Institutional Services, was offset by lower contribution from Global Broking, due to lower revenues and higher ICP amortisation.

Data & Analytics contribution represents the revenue of the Data & Analytics business less the total front office costs associated with running the business, including the cost of internally generated data from the broking businesses. In 2019 the overall level of contribution increased by £13m or 24% to £68m. The overall contribution margin increased by 6 percentage points to 50.4% driven by an 15% increase in revenue at reported rates.

Underlying operating profit

For 2019, we have introduced the underlying operating profit ('UOP') by division for the first time which is after the allocation of net management and support costs (excluding Corporate centre) to the different divisions.

For Global Broking, the underlying operating profit decreased to £221m, or 13% versus 2018. This was due to higher front-office costs reflecting higher compensation ratio as a result of increased retention efforts, as well as increased clearing and settlement costs due to vendor cost increases. Moreover, other costs were increased due to ongoing legal costs in the US, IT consultancy investments, Cyber and Risk & Compliance costs. Operating profit margin decreased 2.4 percentage points to 17.5%.

For Energy & Commodities, the underlying operating profit increased to £46m, or 44% versus 2018. This is primarily due to higher revenues, only partially offset by higher support costs. The underlying operating profit margin improved 2.4 percentage points to 12.0%.

Institutional Services improved its underlying operating profit to £3m. The business has generated necessary scale to improve its profitability, with very strong revenue growth. The underlying operating profit margin improved to 4.0%, 2.4 percentage point higher year-on-year.

Data & Analytics reported strong underlying operating profit of £59m, or +20% versus 2018. The results benefited from strong revenue growth and positive operational leverage. As such, the underlying operating profit margin improved to 43.7%, 1.8 percentage points higher year-on-year.

The underlying operating profit of £279m is 1% higher than the prior year, with an underlying operating profit margin of 15.2%. This is 0.5 percentage points lower than 2018, due to the aforementioned FX headwinds and minor increases in the net management and support costs.

Underlying operating profit by region

The underlying operating profit and underlying operating profit margin by region are shown below and are compared against reported data for the prior period.

Underlying operating profit

£m	2019	2018	Change
EMEA	**164**	173	-5%
Americas	**94**	81	+16%
Asia Pacific	**21**	22	-5%
Underlying operating profit	**279**	276	+1%

Underlying operating profit margin by region

%	2019	2018
EMEA	**18.2%**	19.5%
Americas	**13.7%**	12.7%
Asia Pacific	**8.5%**	9.1%
Underlying operating profit	**15.2%**	15.7%

Overall, underlying profit margin of 15.2% in 2019 was lower than 15.7% 2018 margin, as current year margin has been impacted by a £8m FX loss.

Financial and operating review continued

EMEA

Underlying operating profit in EMEA of £164m was 5% lower than 2018, and with revenue up 2% on a reported basis, the underlying operating profit margin has decreased by 1.3 percentage points, to 18.2%. The decrease reflects adverse FX movement, with slightly inflated support costs mainly through increased employee in-sourcing of IT consultancy and investment in strengthening risk & compliance.

Americas

In the Americas, the underlying operating profit of £94m is 16% higher than 2018 and the underlying operating profit margin has improved by 1 percentage point to 13.7% reflecting higher revenue growth.

Asia Pacific

Underlying operating profit in Asia Pacific decreased by £1m to £21m in 2019, while the underlying operating profit margin has reduced by 0.6 percentage points to 8.5% with the benefit of reductions in management and support costs as a result of the integration being more than offset by revenue decline.

Exceptional and acquisition, disposal and integration items

The Group presents its Consolidated Income Statement in a columnar format on page 20 to aid the understanding of its results by separately presenting its underlying operating profit before acquisition, disposal and integration costs and exceptional items. Underlying operating profit is reconciled to profit before tax in the Consolidated Income Statement and is disclosed separately to give a clearer presentation of the Group's underlying trading results.

Acquisition, disposal and integration costs are excluded from underlying results as they reflect the impact of acquisitions and disposals rather than underlying trading performance.

The £34m charge for integration costs related to the acquisition of ICAP includes professional fees and staff costs relating to planning, setting up and running the integration workstreams and staff severance costs. As at the end of 2019, we successfully completed the ICAP integration programme, generating £80m annualised synergies.

The major elements of the integration costs in 2019 continued to be staff costs (£20m), which include £8m of severance costs, and other costs of £11m which include consultancy costs (£10m). The £10m of consultancy cost charged in 2019 is primarily in respect of reviews of the technology strategy and scope for cost reduction, project management support and analysis, software development and quality assurance and support for the project to reduce and rationalise the legal entity structure.

A further amount of £42m has been charged through the income statement reflecting the amortisation of intangible assets other than goodwill arising on acquisitions, reflecting brand value, the value of customer relationships and other intangible assets. This non-cash item 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.

In accordance with its obligations under IAS 36 (see also Note 13), the Group has undertaken an impairment review of the carrying value of its regional cash generating units ('CGU') to which goodwill arising on acquisitions, including the acquisition of ICAP, has been allocated. In determining whether goodwill is impaired under IAS 36, the resulting value of each CGU has been estimated based on its value in use. As a result of the review, the carrying value of the Asia Pacific CGU has been written down by £24m and this charge is included as an acquisition related item. This non-cash impairment does not have an impact on the Group's regulatory capital position, which excludes the carrying value of intangible assets in the calculation of the Group's allowable resources.

Other acquisition, disposal and integration costs include a £6m charge for adjustments to acquisition consideration, due to an increase in the expected deferred consideration on the Axiom and COEX acquisitions due to their strong performance. There are also £9m of other minor acquisition and disposal items that have been excluded from underlying results, relating to the ClearCompress and Louis Capital acquisition, plus an increase of a provision acquired during COEX acquisition.

The £10m exceptional charge in 2019 reflects the net settlement of exceptional legal provisions in connection with an FCA regulatory fine (£15m), a further charge for the settlement of a regulatory investigation in the US (£3m), other legal costs (£1m), offset by a £9m legal settlement received regarding a settlement from competitors relating to an employment case. Other exceptional items include £5m in relation to a charge to employee long-term benefits associated mainly with pension scheme past service and closure costs, and £7m in relation to a charge for business reorganisation including office moves the Group has undertaken. Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business.

Net finance expense

The underlying net finance expense of £49m is £18m higher than the £31m charged in 2018, driven primarily by the £12m additional interest from the introduction of IFRS 16. This comprises £55m of interest expense, of which £34m relates to the Group's Sterling Notes, £3m of bank facility costs relating to the amortisation of debt issue, £2m relating to the amortisation of debt issue and bank facilities and £1m of other interest payable. The interest expense includes an one-off charge of £3m for premium paid for the early redemption of £69m for the Sterling Notes issued in January 2017, and the aforementioned impact from IFRS16 introduction. The expense is offset by £5m of interest income and £1m of income of finance lease receivables.

Tax

The effective rate of tax on underlying profit before tax is 23.9% (2018: 25.8%). The rate is lower than the prior year due to a greater impact from the reduced US federal rate of tax (due to the lessening of the impact of measures that broadened the US tax base) and the conclusion of prior year tax liabilities at less that the amount provided. The effective rate of tax on reported profit before tax is 43% (2018: 62.9%), reflecting the tax deductibility of certain acquisition, disposal and integration costs and exceptional expenses. The outlook for the underlying tax rate is for it to be around 25% in 2020, on the basis that during the UK General Election campaign it was indicated that the scheduled reduction in the UK corporation tax rate would be reversed.

Basic EPS

The average number of shares used for the basic EPS calculation of 559.4m reflects the 563.3m shares in issue less the 2.6m shares held by the Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment elements of the 2.0m of shares acquired by the Employee Benefit Trust to satisfy deferred share awards made to senior management, and the 0.1m of deferred shares meeting their vesting requirements in May. The Employee Benefit Trust has waived its rights to dividends.

Dividend

The Group's proposed dividend remains at 16.85p (2018: 16.85p). This is in line with our previous intention to keep the dividend per share stable during TP ICAP's integration programme. For 2020, we intend to pay at least 16.85p dividend per share, even under a "normal downturn" scenario. We aim to announce our medium-term capital allocation policy during 2020.

Financial and operating review continued

Cash flow
2019

£m	Underlying	Acquisition, disposal and integration costs & exceptional items	Reported
Underlying operating profit	**279**	**(137)**	**142**
Share based payment charge and pension scheme administration fees	6	3	9
Depreciation and amortisation	36	4	40
Depreciation on leased assets	20	1	21
Non-cash items	1	6	7
Impairment and amortisation of intangible assets arising on consolidation	–	66	66
EBITDA	**342**	**(57)**	**285**
Change in initial contract prepayments	(2)	2	–
Working capital	(21)	1	(20)
Cash generated from operations	**319**	**(54)**	**265**
Capital expenditure	(33)	–	–
Underlying operating cash flow	**286**	(54)	232
Interest paid	(53)	–	(53)
Tax paid	(73)	9	(64)
Underlying free cash flow	**160**		
Reported net cash flow from operating activities			**148**

Cash flow
2018

£m	Underlying	Acquisition, disposal and integration costs & exceptional items	Reported
Underlying operating profit	276	(183)	93
Share based payment charge and pension scheme administration fees	6	–	6
Depreciation and amortisation	35	4	39
Non-cash items	–	6	6
Impairment and amortisation of intangible assets arising on consolidation	–	105	105
Impairment of associate	–	3	3
EBITDA	317	(65)	252
Change in initial contract prepayments	(10)	–	(10)
Working capital	(29)	–	(29)
Cash generated from operations	278	(65)	213
Capital expenditure	(73)		
Underlying operating cash flow	205		
Income taxes paid	(41)	11	(30)
Interest paid	(34)		(34)
Underlying free cash flow	130		
Reported net cash flow from operating activities			149

The cash flow presentation above reconciles the underlying cash flow generation, excluding the impact of acquisition, disposal and integration costs and exceptional items, to the reported net cash flow from operations. The impact on EBITDA of acquisition, disposal and integration costs and exceptional items was £57m during the period principally relating to the costs of the integration.

During the period there was small movement in initial contract prepayments. The working capital outflow of £21m has fallen since the half year (when it was £112m) but still reflects a small increase in trade receivables, reflecting the higher revenue in December 2019 compared with the prior year, together a reduction in our provisions after settling a legacy legal issue. Capital expenditure has decreased to £33m reflecting the non-recurrence of prior year's costs, including office moves in New York, London, Singapore and Belfast. The 2019 expectation was higher but the slight delay in moving to our new London HQ, led to lower capital expenditure.

After interest paid and underlying taxation paid, the underlying free cash flow for the Group was £160m, an increase of £30m versus 2018. This increase is driven by lower capital expenditure associated with the prior year office moves, no impact from initial contract prepayments and smaller increase in trade receivables. The positive impact was partially offset by higher interest paid, due to the higher long-term debt levels and the impact from the classification of interest under IFRS 16, the costs regarding new bond issuance and early redemption of debt. Finally, higher taxes paid relate to the fact that US legacy losses were largely exhausted.

Of the £824m cash and financial investments balance at the period end, £723m is held in 61 regulated entities to meet regulatory capital, margin and other trading requirements as well as accrued profits, £76m is held in non-regulated entities for working capital requirements as well as accrued profits and £25m is held in corporate holding companies. The £723m of cash held in regulated entities generally remains held within those Group's entities for regulatory and operational reasons.

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

£m	At 31 Dec - 2019	At 31 Dec - 2018
5.25% Sterling Notes June 2019	**–**	80
5.25% Sterling Notes January 2024	**431**	500
5.25% Sterling Notes May 2026	**250**	–
Revolving credit facility drawn	**–**	52
Unamortised debt issue costs	**(2)**	(2)
Accrued interest	**11**	12
Gross Debt pre-IFRS 16	**689**	642
IFRS 16 lease liabilities	**140**	–
Total Debt	**829**	642

The revolving credit facility was refinanced in December 2018 on improved terms increasing our overall facility to £270m from £250m. The revolving credit facility now matures in December 2021, and no cash was drawn as at the balance sheet date (2018: £52m). On 24 May 2019, the Group issued a £250m 5.25% note due 2026 under its £1bn Euro Medium Term Note Programme. The proceeds of this were used to pay down the revolving credit facility ('RCF') drawings, repay the £80m bond that matured in June 2019 and to buy back £69m of the £500m 2024 bonds through a tender offer. As a result, the Group's core gross debt has increased to £689m.

Exchange rates
The income statements and balance sheets of the Group's businesses whose functional currencies are 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 on the next page.

Financial and operating review continued

	Average		Period end	
	2019	2018	2019	2018
US dollar	$1.28	$1.34	$1.32	$1.28
Euro	€1.14	€1.13	€1.18	€1.13

Pensions

The Group had one defined benefit pension scheme in the UK. During 2019, the Trustee commenced proceedings to 'buy-out' the Scheme's liabilities, a process that will enable the Trustee to exchange the Scheme's bulk annuity policy for individual policies issued to, and directly held, by the Scheme's beneficiaries. To proceed with 'buy-out', the Sponsor and Trustee commenced the wind-up of the Scheme. Prior to this, the Trustee had no right to unilaterally wind-up, or otherwise augment the benefits due to members and based on those limitations the net surplus was recognised in full by the Group. Under UK legislation, once a Scheme commences wind-up, the assets of the Scheme pass unconditionally to the Trustee to enable it to settle the Scheme's liabilities. As a result, the Group has applied the requirement of IFRIC 14, fully restricting the Group's recognition of the £52m net surplus by applying an asset recognition ceiling. The asset ceiling is recorded as a charge in other comprehensive income.

During the wind-up period, the Group will continue to restrict the recognition of the net surplus. Should any member benefits be augmented during this period, they will represent a past service cost and will be recorded as exceptional costs in the Income Statement (3m in second half of 2019) as and when those benefits are agreed. Costs associated with the settlement of the Scheme's liabilities will also be recorded as exceptional costs in the Income Statement as and when incurred.

Following the full settlement of the Scheme's liabilities the Scheme will be wound-up and the Sponsor expects to receive the remaining asset. Any repayment received will also be subject to applicable taxes at that time, currently 35%.

Regulatory capital

The Group's lead regulator is the 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 treated as either a limited activity or a limited licence firm and comply with its individual regulatory capital resources requirements. TP ICAP plc, 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 requirement 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 (the 'Excess Goodwill Ceiling'). The Excess Goodwill Ceiling is reduced to nil in line with a schedule over ten-years to December 2026, with the first reduction of 25% having occurred at the end of June 2019. The Excess Goodwill Ceiling continues to reduce 25% every 2.5 years on a straight line basis. The Group expects to reduce its Excess Goodwill in accordance with the declining Excess Goodwill Ceiling. 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 £1,591m (2018: £1,605m). 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.

IFRS 16 'leases'

In line with International Financial Reporting Standards, the Group has applied IFRS 16 for the year ending 31 December 2019. The impact of this change is set out in Note 2(e) of the Consolidated Financial Statements.

Viability statement and going concern

Viability statement
The Directors have assessed the prospects for, and viability of, the Group over a three-year period to the end of December 2022.

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.

The assessment has been made taking into account the following:

> 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 also discussed in the risk management report on pages 36 to 39;
> the Group Internal Audit Opinion that contains an assessment of the effectiveness of the Group's risk management and internal control systems;
> the Going Concern Review that assesses whether the Group has access to sufficient liquidity to meet all of its external obligations and operate its business, for a period of at least 12 months from the date of the Annual Report;
> the Group Review of Capital and Liquidity Adequacy ('GRCLA') that assesses the capital and liquidity position of the Group on a consolidated basis, in both base and stressed conditions;
> the Review of Internal Capital Adequacy Assessment Processes ('ICAAP') undertaken by certain operating entities within the Group, most notably the UK regulated entities; and
> the assessment of the Group's external credit rating by Fitch Ratings.

The Directors consider that they have undertaken a robust assessment of the prospects of the Group and its principal risks over a 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 £270m revolving credit facility (see Note 24 on page 153);
> the Group does not lose its waiver from consolidated capital adequacy requirements under CRD IV due to changes in the regulatory rules (including any changes arising from the introduction of the new EU prudential regime for investment firms and CRD IV);
> 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 (see page 32);
> the Group does not experience any other material change in its capital or liquidity requirements as a result of legislative changes to CRD IV (including any changes arising from the introduction of the new EU prudential regime for investment firms and CRD IV); and
> the Group's actions to mitigate potential adverse effects arising from a no deal Brexit, including the potential fragmentation of liquidity and consequential reduction in trading volumes that could arise in this scenario are effective.

Going concern
The Group has sufficient financial resources both in the regions and at the corporate centre 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.

Risk management

Effective risk management is essential to the financial strength and resilience of the Group and for delivering its business strategy. This section provides a summary of how risk is managed by the Group through its enterprise risk management framework ('ERMF') and describes the Group's principal risks.

Enterprise risk management framework
The purpose of the ERMF is to enable the Group to understand the risks to which it is exposed and to manage these risks in line with its stated risk appetite. The ERMF achieves this objective through the implementation of three mutually reinforcing components: a sound risk management culture, a comprehensive risk management and governance structure, and a range of risk management processes. The Group has undertaken a range of actions to develop and implement a new risk management framework to ensure that its risk management capability appropriately reflects the scale and diversity of the Group's business activities and is in line with regulatory requirements.

Risk culture
The Group recognises that in order to ensure the effective operation of the ERMF, it must implement an appropriate risk management culture that fosters the desired risk management values and behaviours, and that is aligned to TP ICAP's values. This includes promoting an environment of openness that encourages the reporting and discussion of risk related matters and incidents.

The Group seeks to achieve the implementation of its risk management culture through a range of actions. These include the setting of an appropriate 'tone-from-the-top', clear communication of risk management expectations and responsibilities, and through remuneration structures that effectively support the achievement of the desired risk management behaviours.

Risk gmnagement and governance structure
The Group has implemented a risk management and governance structure whereby risks are managed through a three lines of defence model that segregates risk management (first line of defence) from risk oversight (second line of defence) and independent risk assurance (third line of defence), with oversight provided through a formal risk committee structure.

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

- defining the nature and extent of the risks it is willing to take in achieving its business objectives through formal risk appetite statements;
- ensuring that the Group has an appropriate and effective risk management and internal control framework; and
- monitoring the Group's risk profile against the Group's defined risk appetite.

The Group's risk governance structure oversees the implementation and operation of the ERMF across the Group and comprises the following committees:

- Board Risk Committee;
- Group Risk, Conduct and Culture Committee; and
- Regional Risk, Conduct and Culture Committees in EMEA, Americas and Asia Pacific.

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 Compliance and Risk functions, which are separate from operational management.

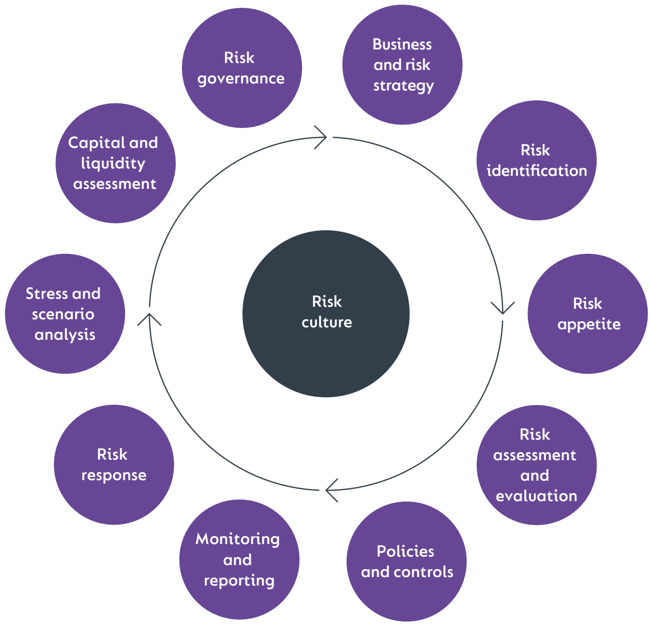
The Compliance function is responsible for overseeing the Group's compliance with regulatory requirements in all of the jurisdictions in which the Group operates.

The Risk function is responsible for overseeing and challenging the business, support and control functions in their identification, assessment and management of the risks to which they are exposed, 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 Group's risk management framework 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 strategy and risk appetite

The Board is responsible for setting its risk strategy and risk appetite which together provide the overarching context for the Group's risk management activity.

The Risk Strategy defines the risk objectives which must be met for the Group to achieve its Business Strategy and ensure that the Group focuses on those risk issues which are of most significance to the Group. The Group has defines the following risk objectives:

Category	Summary statement
Financial position	To maintain a robust financial position in both normal and stressed conditions, to be achieved by maintaining profitability, ensuring capital resources and liquidity resources are sustained at levels that reflect the Group's risk profile, and maintaining access to capital markets.
Operational effectiveness and resilience	To ensure that operational processes and infrastructure operate effectively and with an appropriate degree of resilience.
Regulatory standing	To maintain good standing with all the Group's regulators and to fully comply with all applicable laws and regulations to which it is subject.
Reputation	To maintain the Group's reputation as an unbiased intermediary in the financial markets, with market integrity and the fair treatment of clients being at the heart of its business.
Business strategy	To adopt and execute a well-defined business plan which ensures the continued viability and growth of the Group's business, and to ensure that the Group does not undertake any activity which could undermine its ability to meet its strategic goals.

The Risk Appetite Statement provides the Board's strategic view of the Group's attitude to, and appetite for, particular risk types to inform the more detailed articulation and operationalisation of risk appetite throughout the Group. The Group implements its risk appetite statements through the adoption of risk metrics and 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.

The risk strategy and risk appetite are reviewed by the Board on at least an annual basis and more frequently where required to address a change in the Group's business or risk profile.

Principal risks and uncertainties

Principal risks

The Board Risk Committee, on behalf of 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, the Board Risk Committee has considered a wide range of information, including reports provided by the Group Risk function and senior management, as well as key findings from the Group's various risk assessment processes.

Risk	Description	Potential impact	Change in risk exposure since 2018
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	No change
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. The impact of Brexit is addressed separately below.	> Reduction in broking activity > Pressure on brokerage rates > Reduced earnings and profitability	No change
The impact of Brexit	The risk that Brexit leads to a macro-economic downturn and a consequential reduction in trading volumes and revenue. The risk that the legal entity structure implemented to comply with the loss of EU passporting rights results in a fragmentation of liquidity between UK and EU liquidity pools.	> Reduction in broking activity > Loss of market share > 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
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 > Damage to reputation > Regulatory sanctions > Payment of damages/compensation	No change
Operational failure	The Group is exposed to operational risk in nearly every facet of its role as an interdealer broker, including from its dependence on: > the accurate execution of a large number 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

Mitigation	Key risk indicator	Related principal strategic objectives
> Monitoring of regulatory developments > Involvement in consultation and rule setting processes	> Key regulatory changes > Status of regulatory change initiatives	> Electronification and technology > Liquidity aggregation > Diversification > People, conduct and compliance
> Defined business strategy that seeks to maintain client, geographical and product diversification	> Operating profit > Revenues by region > Trade volumes > Revenue forecast > Stress testing scenario outcomes	> Electronification and technology > Liquidity aggregation > Diversification
> Adoption of a Brexit plan which would accommodate a range of potential scenarios (including the failure to secure a UK-EU deal which maintains access between UK and EU markets) > Incorporation of new EU subsidiary to hold EU-based business > Proactive engagement with European regulators and clients	> Brexit revenue-at-risk > Brexit plan tracking	> Liquidity aggregation > People, conduct and compliance
> 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 > Revenues by region > New business initiatives > Client satisfaction surveys	> Electronification and technology > Liquidity aggregation > Diversification
> Ongoing monitoring and assessment of the cyber-threat landscape > Appropriate framework of systems and controls to prevent, identify and contain cyber threats	> System outages > Data loss events > Cyber-security events/losses > Vulnerability monitoring	> Electronification and technology
> Appropriate framework of systems and controls to minimise the risk of operational failure > Incident and crisis management process > Business continuity plans and capability > Reverse stress test process to identify key risks that could undermine the Group's viability	> Risk events > Execution failure > Settlement fails > Margin calls	> Electronification and technology > People, conduct and compliance

Principal risks and uncertainties continued

Risk	Description	Potential impact	Change in risk exposure since 2018
Failure to protect proprietary data	The risk that the Group fails to protect unauthorised dissemination of Group's proprietary data leading to loss of potential revenue streams.	> Failure to achieve future revenue growth targets due to non-contractual use of our market information > Damage to reputation	No change
Breach of legal and 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 legal and regulatory requirements could result in enforcement action being taken.	> Regulatory and legal enforcement action including censure, fines or loss of operating licence > Severe damage to reputation	No change
Counterparty credit risk	The Group is exposed to counterparty credit risk arising from outstanding brokerage receivables, unsettled Matched Principal trades and cash deposits.	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity	No change
FX exposure	There is a risk that the Group suffers loss as a result of a movement in FX rates whether through transaction risk or translation risk.	> 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 the Group's liquidity resources which could, in extreme cases, impact the Group's liquidity	No change

Mitigation	Key risk indicator	Related principal strategic objectives
> Ongoing audit of licences > Appropriate legal remedies incorporated within licence agreements	> Completion of data > audit plan > Data audit findings	> Diversification
> Compliance function to oversee compliance with regulatory obligations > Compliance monitoring and surveillance activity > Comprehensive compliance training programme to ensure that staff are aware of regulatory requirements > Conduct and Cultural framework to foster high standards of employee conduct	> Internal Compliance policy breaches > Regulatory breaches > Employee conduct metrics	> People, conduct and compliance
> Counterparty exposures managed against thresholds calibrated to reflect counterparty creditworthiness > Exposure monitoring and reporting by independent credit risk function > Exposure concentration limits to prevent excessive exposure to one institution	> Portfolio exposure > Exposure concentration > Aged debt	> Diversification
> Ongoing monitoring of Group's FX positions	> FX translation exposure > FX transaction exposure	> Diversification
> Broking limits that restrict potential margin exposure > Monitoring of liquidity risk drivers > Group maintains liquidity resources in each operating centre to provide immediate access to funds > Committed £270m revolving credit facility ('RCF')	> Margin call profile > Settlement fail – funding requirements > Unplanned intra-Group funding calls > RCF draw-down > Managing bond maturity profile	> Diversification

Resources, relationships and responsibilities

Evolving our corporate responsibility strategy

At TP ICAP, we aim to ensure that our business not only delivers value for our shareholders, but also for our other stakeholders such as our employees, clients, local communities, and the wider environment. This commitment underpins our A Voice for All ('AVFA') corporate responsibility strategy, which we launched in 2018.

Our AVFA strategy originates from our strategic purpose as a business, focussed on enhancing economic growth. As one of the biggest issues affecting economic growth globally is the rise in social inequality, we developed AVFA to focus on addressing this issue through our community and employee engagement and by championing initiatives designed to boost social mobility through education and skills. With social mobility the central principle of the strategy, its three pillars of 'Inspire', 'Inform' and 'Include', continue to underpin our actions.

Over the last year, we have focused on scaling up our activity under each pillar to ensure the strategy is fully embedded across all areas of our business. Looking to 2020, we will be evolving AVFA further and rolling out programmes internationally to ensure all colleagues across the Group can play a part in achieving our ambitions.

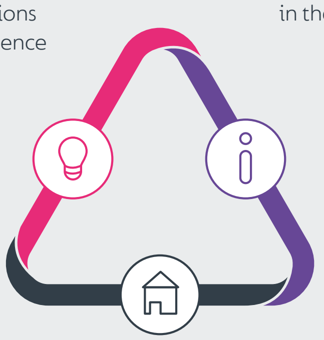
Next year, we will also look beyond 'A Voice for All' to consider the full impact of our business within society. In order to identify the environmental, social and governance ('ESG') issues that are material to our business and to our stakeholders, in 2020 we will commence a materiality assessment process to engage our key stakeholders. This will inform a new framework for managing our full environmental and societal impact.

We are committed to delivering our objectives to ensure our business has a positive impact for our employees, clients, society and the wider environment we operate within. This includes achieving the following:

- Through our 'Everybody Counts' numeracy campaign, we have set ourselves the ambition of engaging one million people across our key markets, to improve basic numeracy skills. Our decision to invest in research and projects to improve numeracy is rooted in our responsibility as a multinational company to increase opportunity, improve productivity and create an inclusive economy.
- Our work with our strategic charity partner National Numeracy, has seen us commit to empowering 250,000 people in the UK to improve their confidence with numbers by the end of year 2021. As at the end of 2018, we had reached 57,642 people and by the end of 2019, we have already reached a cumulative total of 126,467 people across the UK.
- As signatories of the UK Treasury's Women in Finance Charter, we continue to aspire to increase the proportion of women in senior management roles to 25% by 2025.
- We are creating a KPI framework to regularly review performance and hold ourselves to account on tackling modern slavery.
- We will conduct a materiality assessment in 2020 to engage our key stakeholder groups to inform a new framework for managing our full environmental and societal impact and our future non-financial reporting.
- We are developing a roadmap for minimising our most material environmental impacts.

Inspire
Supporting creative initiatives that inspire new generations and gives them the confidence to succeed.

Inform
Promoting skills development in the communities in which we operate to increase participation in local economies.



Include
Building the diverse and skilled workforce that the financial services sector needs for the future.

'A Voice for All' – 2019 activity

Inspire

We are committed to supporting creative initiatives that inspire new generations and gives them the confidence to succeed.

> In 2019, we have continued to volunteer time to inspiring young people about careers in the City. This has included visits to local schools, such as Elm Green in South London, arranged with the youth charity, Alford House, where a TP ICAP volunteer spoke to students about his role as a broker and the different career opportunities that the sector offers.

> We piloted a mentoring scheme where our UK employees volunteered to work with Leadership Through Sport & Business ('LTSB'), a national social mobility charity which provides underprivileged young people aged 16-21 with access to sustainable careers in business and finance through apprenticeships. Employees who volunteered made a commitment to be a mentor for a period of one year.

> In September 2019, we participated in the Lord Mayor's City Giving Day. As part of the day, our senior female colleagues participated in Bloomberg's 'Girls Take the City' event, to inspire the next generation with their experiences of working in the City.

> We participated, for a second year, in the Lord Mayor Appeal's 'She Can Be' initiative in February 2020, which aims to inspire more young women to pursue careers in the City. We welcomed year 10 students into our London office to meet some of our female employees to understand the varied careers the City can offer.

Inform

We are committed to promoting skills development in the communities in which we operate to increase participation in local economies.

> 2019 marked the second year of our Everybody Counts numeracy campaign and our ambition to engage one million people across our key markets, to improve basic numeracy skills.

> We celebrated the second year of our strategic partnership with the UK charity National Numeracy, whereby we have committed to empower 250,000 people in the UK to improve their confidence with numbers by the end of year 2021. As of the end of 2019, we had already successfully reached 126,467 people across the UK.

> To mark the second National Numeracy Day in May 2019, we held a roundtable for senior CSR and Philanthropy leaders across the financial services sector to discuss the importance of numeracy to our industry and the UK economy.

> In November 2019, we launched a new report with National Numeracy entitled 'Building a numerate nation: confidence, belief and skills' at a reception at the Bank of England.

> To take the Numeracy agenda forward, we plan to launch a Financial Services Numeracy Taskforce in 2020, alongside some of our industry partners, to tackle the barriers that prevent confidence with numbers and consider the impact this has on the talent pipeline for our sector.

> To expand the breadth of our UK numeracy partners, in January 2020 we started working with Coram, a charity that provides support to vulnerable children and their families, to deliver a numeracy pilot to schools in disadvantaged areas across London.

Include

We are committed to building a diverse and skilled workforce that the financial services sector needs for the future. To enable two-way feedback with our employees, we have continued to run 'Involve' and 'Connect'. These two forums help drive employee engagement and support our aim to be the leading employer in our sector.

'Involve' is 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.

'Connect' is our diversity and inclusion forum comprised of employees from around the world. Since its UK launch, at the end of 2017, and in the US in 2018, we have evolved 'Connect' to be the overarching steering and advisory panel for diversity. 'Connect' is in place to promote employee networks, encourage the diversity of our Group and support an inclusive culture.

> Over the last year we rolled out 'Connect' to Asia markets and have built-out the remit of the steering panel and the work programmes for our five employee networks supporting: Women; LGBTQ+, Multi-cultural backgrounds; Sports & Wellbeing, and Veterans. To demonstrate our commitment to supporting reservists and veterans, in June 2019 we signed the UK Armed Forces Covenant ('AFC'). We are extremely proud of the ex-servicemen and women and reservists among our colleagues and we were honoured to receive the bronze certificate from the AFC Defence Employer Recognition Scheme. Over the next year, we will apply to develop our support further and work towards achieving the silver certificate.

Resources, relationships and responsibilities continued

> In 2018 we became a signatory of the UK Treasury's Women in Finance Charter with the Group and continue to aspire to increase the proportion of women in senior management roles to 25% by 2025.

> We recognise the need to provide our colleagues with robust mental health support and in April 2019, we announced enhancements to the mental health support and services we provide across the business. These include our Employee Assistance Programme; the Aviva Stress Helpline; Mental Health Pathway and additional resources including the NHS system and the Digital GP Services. Plans to extend to family members are in progress. In October we also held a Mental Health Awareness Day.

> At the beginning of the year, we launched new policies under the Family Friendly initiative covering Maternity, Adoption, Paternity and Shared Parental Leave for UK employees.

> We recognise that access to medical cover is important and this year we have worked to improve cover, for example with our provider of medical insurance in the UK to provide an upgrade option for employees who wanted additional cover which was effective from October.

> Our UK employee forum 'Involve', a permanent body made up of elected representatives from our business functions, continues to represent and support our employees on important issues in the workplace and work with us on employee engagement.

> We rolled out the Workforce Representation and Engagement Programme across all regions in order for the Board to get first-hand insight into the culture and values of the Group. In September, we announced the first of a series of sessions for employees to meet with their Workforce Engagement Directors to provide feedback on matters that are important to them about working for the company. Initial sessions have concluded, and feedback shared with the Board in October. Employee focus groups have been formed and an open exchange of ideas discussed to drive change on a number of specific areas raised by employees. This is a rolling programme of employee engagement and two further programmes will run in 2020. See pages 58 and 59 for more information.

Human rights
We continue to fully support the UN Guiding Principles on Business and Human Rights. We do not tolerate forced labour or human trafficking of any kind across our business, or within our supply chain.

In September 2019, we published our third Modern Slavery Statement which sets out our approach to modern slavery related risk identification, monitoring and reporting, and proactive mitigation.

We have updated our procurement policy to ensure our suppliers are following the requirements set out in our Modern Slavery Statement and we are introducing mandatory training to all relevant staff.

We have also introduced a new supplier onboarding process, which includes checks for sanctions as well as checks for modern slavery and human trafficking, if we deem them to potentially be high risk.

Our Governance, Risk, Culture and Conduct Committee ('GRCCC') oversees the delivery of our strategy to eliminate modern slavery in our business and supply chains. As part of this, we will be creating a KPI framework to review performance and hold ourselves to account on tackling modern slavery.

Background screening
We continue to ensure our new hire onboarding process is robust and fit for purpose. This has now evolved to include annual re-screening of existing employees for SMCR purposes as part of our annual attestation process.

Charitable giving and volunteering
Providing our colleagues with opportunities to volunteer and fundraise helps us deliver on the commitments within our 'A Voice for All' strategy and have an impact in the communities we operate within.

In September 2019, we received a GivX Award for charitable giving, volunteering and community support. GivX calculates the value an organisation adds to the community and we are very proud to have been placed in the top three out of the financial services firms who entered.

Our charitable giving policy supports our employees' charitable giving aspirations with a pool of funding available for matching or sponsorship and all our employees are entitled to two days of paid volunteering leave.

In 2019, our employees delivered 1,643.5 hours of volunteering globally in support of 33 charitable organisations. Some 1,398.5 of these hours were volunteered during the business day with a further 245 hours volunteered during evenings and weekends. This is an increase on the 1,210 totals in 2018 of hours volunteered.

We continued to support ICAP Charity Day which in 2019 raised over £4.6m globally for charitable causes around the world.

Excluding Charity Day funding, in 2019 we made donations of £113,00 globally to charities around the world.

Learning and talent development
An experienced workforce is key to our business and its growth and success. We value employees and seek to develop them and provide career opportunities for their personal and professional development.

We seek to deliver development through a variety of channels to enable employees to benefit from online, inhouse and external training opportunities.

During 2019, we continued to ensure all our employees received appropriate mandatory, legal and regulatory training covering such topics as: anti-money laundering ('AML'); anti-bribery and corruption; GDPR; information security, and Respect@Work.

As part of new industry-wide regulation, an enhanced regulatory training environment was launched under the new Senior Manager and Certification Regime ('SMCR'). This, together with the adoption of the Enterprise Risk Management Framework ('ERMF') for roles with additional risk responsibilities, bring a greater focus of Compliance and Risk to both those in regulated roles, as well as across the organisation.

In addition, we have provided employees in our major locations with in-house training programmes on personal effectiveness skills, core management skills, technical and market knowledge. The in-house training calendar is updated on a half yearly basis.

Recruitment
We embrace a culture of diversity and inclusion and are committed to hiring individuals with diverse experiences to build our culture and brand. We hire at experienced and graduate levels to create a sustainable business model and talent pipeline.

In 2019, we introduced a cross-TP ICAP Internship Programme in London, offering undergraduates a rotational experience in our Global Broking and Energy and Commodities areas. To create a learning experience, we continued to use an interactive broking simulation activity as part of the assessment centre, which gives the applicants an opportunity to experience our environment and for us to see their aptitude for the broking role. It also provides us with measurable data on their values and behaviours and whether these reflect the values of TP ICAP.

The internship, for those who joined us for the eight-week Summer period, gave them an extended opportunity to experience our culture and environment. Successful applicants from this will be considered for roles as Trainee Brokers onto our 2020 Early Career Programme.

Gender pay and diversity
At TP ICAP our people are core to how we operate. We want to ensure that prospective employees from diverse backgrounds view TP ICAP as an inclusive place to work and that all candidates have an equal opportunity to join and progress, irrespective of background or gender.

Culture and conduct
Culture and conduct go to the heart of everything that we do. How we conduct ourselves as individuals and as a Group is as important as the products and services we provide. We want to have a business culture that allows us to serve our clients in the best possible way and holds up to the most intense scrutiny.

We have four values that underpin everything that we do. They are: Honesty, Integrity, Respect and Excellence 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. If an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, which may be necessary in order to enable the employee to continue working for the Group.

For more information about our culture and conduct, please see pages 46 to 99.

While we are proud of the work we have done so far to improve equality and diversity, we know there is still a lot more progress to be made. Like many financial services businesses, we have a low ratio of female to male employees, with women occupying 23% and 18% of our global staff and senior management roles respectively. As a business we are committed to continuing to make progress on this agenda, and we will continue to work to improve the balance and to promote opportunities for all. Our next Gender Pay Gap report will be produced in April 2020. For more information, see www.tpicap.com/responsibility/our-commitments.

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. We have set out clear rules and policies on the use of social media and online communications and communicated them to our employees.

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

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;

Resources, relationships and responsibilities continued

> ensure that neither the firm, nor any other person providing services 'for and on behalf of' it, facilitates tax evasion;
> 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
The Group has published a Group Tax Strategy, which 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 2019 of £507m (2018: £402m), 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 US (the main jurisdictions in which it operates), and VAT/sales taxes borne and collected. 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 2019, by 31 December 2020. 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 the environment and respond to the global climate crisis. This means minimising the environmental impact of our operations.

Our most significant environmental impact is the greenhouse gas ('GHG') emissions from the energy consumption of our leased offices.

Through energy efficiency measures and the consolidation of our office real estate, we have reduced our carbon emissions by 44%, which results in a reduction of emissions per employee of 1.3 tCO_2e compared to 2018's figure of 2.8 tCO_2e per employee. In particular, rationalisation of our leased office portfolio in North America had a notable impact (54% of the overall Americas' carbon emissions in 2018) on the overall carbon reduction made by the Company.

Statistics relating to these are further set out in the Director's Report (page 100), where we also publish our annual carbon footprint figures from our Scope 1 and 2 emissions.

In our 2019 carbon assessment we reported the Group's travel emissions, for the first time, and will continue to do so going forward with the aim of reducing our overall business travel.

Our other key area of environmental impact is our use of resources and our management of waste. We have reduced single-use plastics from our London offices, as such we now provide stainless-steel and compostable cutlery.

Responsibility for environmental matters rests with the Board and is included in its terms of reference. The Chief Executive Officer is the Board member responsible for corporate social responsibility across the Group.

ICAP Charity Day

Now in its 28th year, ICAP Charity Day continues to make a big impact on charity beneficiaries. Once a year, ICAP donates its revenues and commissions to charitable causes.

The sums involved are significant. In 2018, £4.5m was raised globally, and in December 2019 this figure was £4.6m.

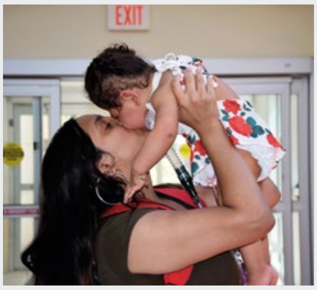
On Charity Day, ICAP offices support local charities registered in their own country.

Since Charity Day began in 1993, thanks to the efforts of our colleagues, customers and suppliers, ICAP Charity Day has raised almost £150m; benefiting over 2,500 charitable projects around the world and enabling us to fund programmes and entire projects across a range of charitable causes.

For more information see **www.icapcharityday.com**

Image right: the donation from ICAP Charity Day 2019 in the UK will support Mudlarks' "Veg Box Social Enterprise."

Image below: The donation from ICAP Charity Day 2019 in New York will fund three vital programmes at Blythedale Children's Hospital.



Section 172

The Board promotes the success of the Company for the benefit of our members as a whole as well as a broad range of stakeholders that we recognise are material to the long term success of the business. We have detailed how the Board has complied with its duty within the Governance section on pages 46 and 57.

Non-financial information statement

We aim to comply with the new Non-financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below, and information it refers to, is intended to help stakeholders to understand our position on key non-financial matters. The Board performs regular review of policies and standards, and where appropriate, reviews the outcome of these policies and standards.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	> Environment – our commitments > Corporate social responsibility policy	Resources, relationships and responsibilities: pages 40 to 44, Directors' report: page 103
Employees	> Global recruitment policy > Employee relations policy > Equal opportunity policy > Joiners transfers and leavers policy > Global training and development policy > Equality, diversity and discrimination – our commitments	Resources, relationships and responsibilities: pages 42-43
Human rights	> Employee relations policy > Equal opportunity policy > Data protection and retention policy > Global whistleblowing policy > Physical security policy > Human rights and freedom of association – our commitments > Modern slavery statement	Resources, relationships and responsibilities: page 42
Social matters	> Charitable giving policy > Corporate social responsibility policy	Resources, relationships and responsibilities: page 42
Anti-corruption and anti-bribery	> Compliance manual > Anti-money laundering and counter terrorist financing policy > TP ICAP Americas anti-bribery and corruption policy > Global whistleblowing policy > Whistleblowing – our commitments > Bribery and corruption – our commitments	Resources, relationships and responsibilities: page 43
Description of principal risks and impact of business activity	> Enterprise Risk Management Framework > Change Management Policy > Risk Management Handbook > Tax risk and reporting policy > Financial risk management policy	Principal risks and uncertainties: pages 36 to 39
Description of the business model	> Our business model, see pages 4 and 5	Our business model: pages 4 and 5
Non-financial key performance indicators	> Key performance indicators, see pages 18 and 19	Key performance indicators: pages 18 and 19

This Strategic report, from page 1 to 45 has been reviewed and approved by the Board of Directors on 10 March 2020.

Nicolas Breteau
Chief Executive Officer

Robin Stewart
Chief Financial Officer

Compliance with the UK Corporate Governance Code 2018 and section 172
Index of Disclosures

Compliance with the Code

The Board reviewed the principles and provisions of the UK Corporate Governance Code 2018 (the 'Code') and its compliance with the Code throughout 2019.

Following this review, the Board is pleased to confirm that the Company has complied in full with the Code for the financial year ended 31 December 2019. The Code can be found on the Financial Reporting Council ('FRC') website, www.frc.org.uk and further information on compliance with the Code can be found in this index.

Compliance with section 172 of the Companies Act 2006

The Directors confirm that they have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

> the likely consequences of any decision in the long term;
> the interests of the Company's employees;
> the need to foster the Company's business relationships with suppliers, customers and others;
> the impact of the Company's operations on the community and the environment;
> the desirability of the Company maintaining a reputation for high standards of business conduct; and
> the need to act fairly as between members of the Company.

Detail on how the Directors have had regard to the factors in section 172 of the Companies Act 2006 ('section 172') when performing their duties and the Directors' statement required under section 414CZA of the Companies Act 2006 are set out on pages 57 to 61.

Board leadership and company purpose

The Company should be led by an effective and entrepreneurial Board that establishes the Company's purpose, values and strategy, whilst ensuring that its responsibilities to its shareholders and stakeholders, including the workforce, are considered and met.

Company purpose	p2
The role of the Board	p52
Our culture and values	p47
Resources and controls	p52
Engagement with stakeholders	p57
Workforce policies	p42

Division of responsibilities

The Board, led by the Chairman who is responsible for its effectiveness, should be comprised of Non-executive and Executive Directors who hold a diverse set of skills, experience and backgrounds. They each receive a comprehensive induction, have sufficient time to meet their Board responsibilities, and receive support from the Group Company Secretary, all of which enable them to carry out their duties effectively.

The Chairman	p54
Executive and Non-executive Directors	p54
Board meetings	p54
Effectiveness of the Board/ Support to the Board	p63

Composition, succession and evaluation

Companies should have an effective succession plan in place for both the Board and for members of senior management. This should take into consideration the skills, experience and knowledge needed for maximum effectiveness. The Board, and the Directors individually, should be evaluated yearly. Annual evaluation of the Board should consider its composition, diversity and its effectiveness. Individual evaluations should demonstrate whether each Director continues to contribute effectively.

Board succession	p66
Board diversity	p68
Evaluations	p64

Audit, risk and internal control

The Board is responsible for determining the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives, and oversees the risk management and internal control systems in place with the support of the Audit and Risk Committees. The Board is also responsible for the establishment of policies which ensure the independence and effectiveness of both internal and external audit functions.

Audit effectiveness	p72
Financial and business reporting	p71
Risk management and internal control	p73

Remuneration

Executive Directors' remuneration has been designed to promote the long-term sustainable success of the Company. No Executive Director is involved in deciding his or her own remuneration.

Components of remuneration	p84
Procedure	p78
Level of remuneration	p87

Chairman's introduction to governance

Richard Berliand
Chairman

Dear fellow Shareholder,

I am pleased to share with you my thoughts and insights on the Company's culture, values and leadership and to brief you on the progress we have made in the year on strengthening our core governance frameworks and programmes across the Group. I also want to let you know a little more about the changes proposed during 2020 to the Group's international corporate and governance structure.

Our values and culture
Since joining the Board early in 2019, and then becoming Chairman from mid-May, I have had the pleasure of meeting with as many colleagues as possible, both managers and employees, across a number of global locations where we operate. I have been impressed with the hard work and commitment of our people in making us a trusted and respected data and market execution provider, playing an important role in the global financial, capital, energy and commodities markets. Given this role, the Company's core values of honesty, integrity, respect and excellence remain integral as we seek to safeguard the business now and into the future.

The Board remains committed to promoting a culture with these core values at the heart, recognising that the Company will only continue to create value for its key stakeholders and benefit society if it can hold up to the most intense scrutiny. To remain relevant, successful and sustainable, the Company must demonstrate the highest possible standards; the conduct and behaviour of our people is as important as the products and services that we provide.

During 2019 the Company resolved two regulatory investigations. In September the Commodity Futures Trading Commission ('CFTC') announced a $13m (equivalent to £11m) settlement involving Tullett Prebon Americas Corp ('TPAC'). The settlement with the CFTC related to a failure by TPAC to adequately supervise brokers on the U.S. Dollar Medium-Term Interest Rate Swaps Desk between 2013 and 2014 and that certain of those brokers made false or misleading statements to TPAC customers relating to certain executed trades and bids and offers. The settlement also made a finding that a TPAC broker made a false or misleading statement of a material fact, or omitted to state material facts, to the CFTC during the investigation. In October the Financial Conduct Authority ('FCA') fined the Company £15.4m following a lengthy regulatory investigation relating to certain trades between 2008 and 2011. This investigation related to historical trades and none of the individuals involved in the relevant broking activities remain with the Company.

Both of these settlements act as a stark reminder that we must never be complacent. The Company has significantly enhanced its systems and controls over recent years to comply with regulatory expectations and will continue to do so. We have enhanced our compliance training, which is compulsory for all employees, and have also underlined our expectations on conduct and behaviour in our internal communications, including in CEO and regional leadership 'town hall' meetings. In the Spring 2020 the Company will also launch a new Code of Conduct which further reinforces those expectations.

I have seen first-hand how important our core values are in instilling a sense of pride in our place of work. However, we have seen how easily this can be undone by the conduct and behaviour of a few. For this reason, during the year we have strengthened the linkage between employee behaviour and reward. This will be further developed during 2020 so that, as part of the annual performance appraisal, a qualitative conduct review will be supported by a quantitative assessment of conduct. You can read more about this in the Report of the Remuneration Committee later in this Governance report.

Risk, controls and governance
We have made significant progress in the year enhancing the Group's risk management framework. We now enter the important embedding phase, with focus over this period on ensuring that the new risk framework, its processes and procedures become part of business as usual for all managers and employees. More detail on the Group's risk management is set out on pages 34 to 35 as well as in the Report of the Risk Committee on pages 75 to 77. The Report of the Audit Committee gives further detail of the Group's internal control environment on page 73.

Also, during 2019 the Board adopted a new Governance Manual, which set out the key corporate governance principles throughout the Group. This comprehensive Governance Manual was deemed necessary to provide clarity around the Group's central and regional governance structures, and also put in one place the Company's delegations of authority and expenditure control framework. It documents the operation and governance of the Group's UK regulated entities as we embed the UK Senior Managers and Certification Regime applying to those entities from 9 December 2019.

As part of the enhanced risk and governance framework, recruitment is in hand to strengthen independent board oversight at the UK regulated entity level through the appointment of independent Non-executive Directors to the UK regulated entity boards. Further details are set out in the Report of the Nominations and Governance Committee on pages 68 to 69.

The Governance Manual sits alongside, and works with, the Group's new risk management framework, and together these are designed to support the business in complying with its increasing regulatory obligations.

Chairman’s introduction to governance continued

The Governance Manual will also be essential in reaffirming the regional governance structures and oversight that will be required as we change the Group’s corporate structure later this year, as described below. Further detail on the Governance Manual is set out on page 52.

Jersey redomicile

In December the Company announced its intention to reorganise the Group's international corporate structure by incorporating a new Group holding company in Jersey by means of a Court-approved scheme of arrangement and introducing four distinct regional operating sub-groups. The Board of TP ICAP plc will become the Board of the new Jersey holding company and the Company’s shareholders will become shareholders of the new company on a one for one basis.

As noted in my opening Chairman's Statement, the intention of this reorganisation is not to change the Group's tax domicile, which will remain in the UK, but rather to provide greater financial flexibility for the Group, support the effective governance of the business and ultimately to improve our competitiveness. The location of its primary stock exchange listing will remain in the UK and it is the Board’s intention that legal, regulatory and advisory regimes as they apply to corporate governance and governance reporting, including the UK Corporate Governance Code, will continue to be applied in the same way as now.

The proposed new structure will be subject to shareholder and regulatory approvals and, should they be received, is expected to complete before the end of June 2020. Further details of this reorganisation and the related timetable will be set out in a separate prospectus and circular that will be issued to shareholders in due course.

Executive leadership and succession

The executive leadership team of the Company, led by Nicolas Breteau, has now been in place for a little over 18 months. They have made considerable progress as a team, successfully delivering against the business, operational and regulatory priorities of the Company, as well as leading the Board’s deliberations over the year on the Company’s future growth strategy.

Each of the three Executive Board members was previously a senior manager in the business before joining the Board and this evidences the importance of good succession planning. As mentioned in last year’s Annual Report, the Nominations and Governance Committee remains focused on ensuring there is depth and diversity in the Company’s talent pool to ensure the Company has the business leaders of tomorrow.

Your evolving Board

In the Autumn, David Shalders stepped down as a Non-executive Director of the Company when he took up an executive role at London Stock Exchange Group plc. David was Chairman of TP ICAP's Risk Committee, and I am grateful to Michael Heaney for agreeing to assume the Chairmanship of the Risk Committee on an interim basis.

My colleagues and I greatly valued David’s contribution to Board deliberations, reflecting his considerable knowledge and experience of operations, risk and technology in financial services gained in senior executive positions outside of the Group. The Board remains committed to maintaining a healthy turnover in its non-executive composition whilst at the same time ensuring it has the right skills, knowledge and experience now and for the future. With this in mind, we commenced a search for at least one Non-executive Director who will bring relevant technological and/or risk knowledge and experience to the Board.

Roger Perkin, as Chairman of the Audit Committee, will soon reach nine years’ tenure on the Board and will stand down in May 2021. With this in mind we engaged in a search for his successor as Chair of the Audit Committee.

Following these two searches I am delighted that Angela Crawford-Ingle and Mark Hemsley will both join the Board of the Company on 16 March 2020. A Chartered Accountant, Angela brings a wealth of relevant and recent financial experience. Angela will not only be appointed to the Board and the Audit, Risk and Nominations and Governance Committees, but will be Chair Designate of the Audit Committee, assuming the Chair of that Committee on Roger Perkin’s retirement from the Board in 2021. Mark will be appointed to the Board and the Risk and Nominations and Governance Committees, and brings extensive markets and infrastructure experience. Further information in relation to Angela and Mark, their knowledge and experience, as well as their other current external appointments may be found on page 51.

We announced last year that Angela Knight, having completed nearly nine years of service, would retire from the Board at the conclusion of the Annual General Meeting in May 2020. The search has commenced for a new Non-executive Director who will assume the role of Senior Independent Director. Recognising that it may take some months to find and appoint the right candidate for this important role, I am pleased that Roger Perkin has agreed to take on these responsibilities on an interim basis following Angela’s departure. He will also remain Chairman of the Audit Committee.

Diversity and the Board

The Board remains committed to cultural, ethnic and gender diversity when considering the composition of the

Board, recognising that better decisions are made by diverse boards. We value and benefit greatly from having different perspectives, and our commitment to diversity will continue to be an important factor in our current and future searches. We are committed to going beyond just maintaining the current proportion of female members on TP ICAP's Board. Although we will remain focused on recruiting on merit and on the best candidate for a role, our aim is to ensure that the proportion of women on the Board reaches, and is maintained at, a minimum of 30% by the end of 2021 and beyond.

This commitment to diversity extends beyond the Board and is a key objective for Nicolas Breteau who, as Chief Executive Officer, is tasked with ensuring that the whole Company benefits from the breadth of perspectives that diversity brings and building a gender balanced talent pipeline. In fact, this is considered such an important issue that each of the Executive Directors' strategic performance targets includes a diversity and inclusion objective.

Our key stakeholders and section 172 duty

We have further enhanced the ways the Board engages directly and indirectly with our key stakeholders. It is important for the Board to understand the needs and expectations of our employees, shareholders, clients, regulators and suppliers in order to make better informed decisions and remain fit for purpose and meet societal expectations.

Importantly, during the year we completed our first round of Non-executive Director led workforce engagement. As we previously stated, the Board is keen to capture the thoughts and views of employees in each of our regions. This has proved a very worthwhile exercise and will continue in 2020. More detail on workforce and our other stakeholder engagement, as well as how the Board has exercised its section 172 duty in its decision making, is set out on pages 57 to 61.

Environment and climate change

In my statement in the strategic section of the Annual Report, I committed to reinforcing, intensifying and raising awareness of environmental, social and governance matters. In the Directors' Report on page 103 you will see our reporting on greenhouse gas emissions. The Board is acutely aware of society's increasing focus in this area, and this has become a regular agenda item as we seek to introduce new initiatives, improve our environmental reporting and do whatever we can to safeguard our environment.

Board effectiveness

We recently concluded our annual Board effectiveness evaluation. The exercise this year was externally facilitated, in-line with the requirements set out in the Code. The Board recognises the value of a structured, independently facilitated evaluation in highlighting what the Board does well and areas that might require improvement.

I am pleased that the results of the evaluation confirmed that, in the main, the Board (and its Committees) continued to operate effectively, with opportunities for improvement and further development being identified in a number of areas. Further detail on the evaluation and actions agreed for 2020 can be found on page 65.

Compliance with the Code

We have reviewed our governance framework with reference to the 2018 UK Corporate Governance Code, and a statement of compliance with the Code is set out on page 46.

Conclusion

During 2019 we have made significant progress in improving our risk and corporate governance frameworks. We will continue to embed these in the Group to ensure that they permeate into every aspect of the Group's operations. This will be especially important as we reorganise our corporate structure and change our focus to delivery and execution of the Company's strategy for the medium and long term.

The Board remains alive to its responsibilities and the societal expectations of large corporations and will continue to have regard to the developing interests and requirements of all the Company's stakeholders and society as a whole.

Richard Berliand
Chairman
10 March 2020

Board of Directors

Richard Berliand
Chairman

N

Appointed
19 March 2019 and Chairman with effect from 15 May 2019

Board skills and experience: Richard combines a detailed understanding of the financial services industry and its challenges and opportunities with recent senior board leadership experience, having held roles as Senior Independent Director and Deputy Chairman at other listed financial institutions. Through his broad business experience and previous external roles Richard brings extensive external insight, a deep understanding of relevant issues and the strong corporate governance expertise required to lead an effective Board and develop its strategy. He also brings considerable experience of engagement with key stakeholders of the business.

Career: Richard had a 23-year career at JP Morgan where he served most recently as Managing Director leading the global cash equities and prime services businesses. He was also a member of the board of directors of Rothesay Life plc until February 2019 and a member of Deutsche Börse AG's supervisory board until May 2019.

External appointments:
Senior Independent Director and Chairman of the Remuneration Committee of Man Group plc

Nicolas Breteau
Executive Director and Chief Executive Officer

Appointed
10 July 2018

Board skills and experience: Nicolas' extensive experience across the global broking industry complements his in-depth knowledge of the Group's operations and markets and enables him to lead the business and be a key contributor to the Board. Nicolas continues to lead the implementation and development of the Board's strategy and identifies new opportunities for the continued future growth of the business. He maintains a productive dialogue with institutional investors and other key stakeholders of the business.

Career: Nicolas has held senior managerial roles at MATIF (later part of Euronext) and most recently prior to joining TP ICAP, as Chief Executive of Newedge Group. Before his current appointment, he was CEO of TP ICAP's largest business, Global Broking. Nicolas has also held directorship roles in Europe, Asia and the Americas at the Futures and Options Association (UK), Futures Industry Association (USA), Citic/Newedge (China) and Altura (Spain).

External appointments:
None

Robin Stewart
Executive Director and Chief Financial Officer

Appointed
10 July 2018

Board skills and Experience: Robin brings to the Board financial expertise coupled with strong leadership skills developed both within TP ICAP plc and the wider industry over more than 20 years. His comprehensive knowledge of the financial position of the Group enables him to make a strong contribution to the Board and when engaging with investors and other stakeholders. He helps to drive the operational performance of the business and provides valuable expertise in financial risk management.

Career: Robin started his career at Arthur Andersen and after that he spent 13 years at Dresdner Kleinwort where he was deputy head of tax. He joined the Group originally as Head of Tax in 2003 and has since held the roles of Head of Group Finance and Tax, and Deputy CFO and Financial Controller at Tullett Prebon plc.

External appointments:
None

Philip Price
Executive Director and Group General Counsel

Appointed
3 September 2018

Board skills and experience: Philip has significant experience gained in senior legal and regulatory roles in the corporate and financial services sector. His knowledge and expertise enables him to bring an important perspective to Board discussions concerning compliance, governance and risk and he is able to provide valuable insight to the Board on the complex and fast-paced regulatory environment in which TP ICAP operates. Having spent his career variously in London, Europe and Hong Kong he also brings an understanding and insight into a number of our key operating markets.

Career: Philip qualified as a solicitor at CMS and prior to TP ICAP has held senior legal, compliance and operational roles in hedge funds, private equity, and investment banking including 10 years as Managing Director at UBS AG. He joined the Group as Group General Counsel and Global Head of Compliance in 2015.

External appointments:
None

Roger Perkin
Senior Independent Director Designate

A N Ri

Appointed
1 July 2012

Board skills and experience: Roger's longstanding financial and accounting career, combined with his extensive board experience, provide a valuable skillset as Chairman of the Audit Committee and member of the Risk Committee and ensure he brings a high degree of scrutiny, additional challenge and oversight to the Board. He brings an excellent understanding of investor expectations as well as experience in managing relationships with the investor and financial communities, which will be invaluable when he assumes the role of Senior Independent Director at the close of the AGM.

Career: Roger is a qualified accountant and spent over 40 years at EY before retiring from the firm in 2009. He was formerly a Non-executive Director at The Evolution Group plc, Electra Private Equity plc, Friends Life Group and Nationwide Building Society.

External appointments:
Non-executive Director of Hargreaves Lansdown plc; Non-executive Director of AIB Group (UK) plc; A trustee of three charities: Chiddingstone Castle; The Conservation Volunteers; and the Charities Aid Foundation

Edmund Ng
Independent Non-executive Director

N Re Ri W

Appointed
1 November 2017

Board skills and experience: With over 20 years' experience of the Asian capital markets Edmund brings a deep understanding of and insight into one of our key markets at Board level. In addition, his years of experience at the Hong Kong Monetary Authority enable Edmund to bring an in-depth understanding of complex financial regulatory regimes to the Board. As Workforce Engagement Director, Edmund also represents very effectively the views of employees from the APAC region in Board discussion.

Career: Edmund is currently Chief Investment Officer and co-founder of Eastfort Asset Management, which was established in mid-2015 with Brummer & Partners in Sweden. Prior to that he served as Head of the Direct Investment Division of Hong Kong Monetary Authority ('HKMA') and Managing Director of Asia Ex-Japan trading within J.P. Morgan.

External appointments:
Chief Investment Officer and co-founder of Eastfort Asset Management

Lorraine Trainer
Independent
Non-executive Director

N Re W

Appointed
1 July 2018

Board skills and experience: Lorraine brings a fresh perspective to the Board gained from her long career in HR roles and is also able to draw on her experience from her other board roles, including as Chairman of the Remuneration Committee at Essentra plc. As a strong advocate of diversity and inclusion, Lorraine has embraced her role as Workforce Engagement Director and ensures the views of employees in the EMEA region are effectively communicated in Board discussions.

Career: Lorraine has had a long career in HR leadership across financial institutions including Citibank NA, the London Stock Exchange and Coutts Natwest Group. She has considerable experience at board level and has previously held Non-executive positions at Jupiter Fund Management, Colt Group and Aegis Group.

External appointments:
Non-executive Director, Senior Independent Director, Chair of the Remuneration Committee and member of the Audit Committee of Sonae SGPS SA; Non-executive Director, Chair of the Remuneration Committee and member of the Audit Committee at Essentra plc

Michael Heaney
Independent
Non-executive Director

N Re Ri W

Appointed
15 January 2018

Board skills and experience: Michael brings to the Board significant knowledge of financial markets, both in the USA and the UK, as well as expertise in international financial management from his long career in financial services. His prior experience of operations and risk management at senior level is also invaluable in his role as interim Chairman of the Risk Committee. As Workforce Engagement Director his perspective ensures that he understands and brings the views of employees in the Americas region to Board discussions.

Career: During a distinguished career Michael served as Global Co-Head of the Fixed Income Sales and Trading Division for 28 years at Morgan Stanley, both in New York and London. He was also a member of Morgan Stanley's Operating, Management and Risk Management Committees.

External appointments:
Non-executive Director of Legal & General; Investment Management Americas; Chairman of the US Securities and Exchange Commission Fixed Income Market Structure Advisory Committee

Angela Knight
Senior Independent
Non-executive Director

A N Re Ri

Appointed
1 September 2011

Board skills and experience: Angela brings a wealth of knowledge and experience, stemming from her previous chief executive and Non-executive Director roles. Her prior experience as a Member of Parliament and Treasury Minister brings a unique and valuable perspective to Board discussions. She delivers scrutiny and independent oversight to the Board.

Career: Angela has had a longstanding career including Chief Executive roles at Energy UK, the British Bankers' Association and the Association of Private Client Investment Managers and Stockbrokers, as well as previous Non-executive Directorships at Lloyds TSB, Scottish Widows and Brewin Dolphin Holdings plc.

External appointments:
Non-executive Director of Taylor Wimpey PLC; Non-executive Director of Arbuthnot Latham & Co Ltd; Non-executive Director of Provident Financial Group Plc and Board member of Encore Capital Group Inc

Having served nine years, Angela has indicated her intention to step down from the Board and accordingly will not be seeking re-election at this year's AGM.

Angela Crawford-Ingle
Independent
Non-executive Director

A N Ri

To be appointed
16 March 2020

Board skills and experience: Angela will bring substantial experience to the Board, both from her executive career, as well as from her other Non-executive Director roles. She will contribute scrutiny and oversight to the Board from her extensive experience of audit of multinational and listed companies.

Career: Angela, a chartered accountant, was a Partner specialising in financial services at PricewaterhouseCoopers for 30 years, during which time she led the Insurance and Investment Management Division.

External appointments:
Senior Independent Director and Chair of the Audit Committee at River and Mercantile Group plc; Non-executive Director of Openwork Holdings Limited and Chair of the Audit Committee at Openwork Limited; Non-executive Director and member of the Franchise Board and Chair of the Audit Committee of Lloyd's of London

Mark Hemsley
Independent
Non-executive Director

N Ri

To be appointed
16 March 2020

Board skills and experience: On joining the Board, Mark will be able to draw on his extensive experience of capital markets and exchanges from his executive career in the industry. His knowledge of large scale technology infrastructure, operations and oversight of operational transformation in several international exchanges and trading platforms will be invaluable to the Board.

Career: Mark was President of Cboe Europe until his retirement in early 2020. Prior to that he was Chief Executive Officer at Bats Global Markets, Managing Director, Market Solutions at LIFFE and Director Global Technology at Deutsche Bank GCI. Mark was also a board member and member of the Audit Committee of EuroCCP NV and was a member of the ESMA Securities and Markets Stakeholder Group and Securities and Markets Consultative Working Group.

External appointments:
None

Key

- A Audit Committee
- N Nominations and Governance Committee
- Re Remuneration Committee
- Ri Risk Committee
- Chairman
- Member
- W Workforce Engagement Director

External appointments: all listed and regulated external appointments are disclosed.

The Directors' biographies are also available at https://www.tpicap.com/who-we-are/leadership/board-of-directors

Corporate governance report

Board meetings

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 Group Company Secretary and agreed by the Board. Every effort is made to arrange Board meetings so all Directors can attend. Additional meetings are arranged on an ad hoc basis, as required: again, every effort is made to arrange that all Board members are able to attend these additional meetings. However as they are often at relatively short notice that is not always possible.

2019 Board meeting attendance

Director	Meetings attended[1]
Richard Berliand[2]	6/6
Nicolas Breteau	8/8
Michael Heaney	8/8
Angela Knight	8/8
Edmund Ng	8/8
Roger Perkin	8/8
Philip Price	8/8
Robin Stewart	8/8
Lorraine Trainer	8/8
Rupert Robson[3]	2/2
Stephen Pull[4]	2/2
David Shalders[5]	6/6

1 In addition to the scheduled meetings, four further ad hoc meetings were held at short notice during the year in February, September, October and December. All eligible members were able to attend these meetings except for Angela Knight in September who recused herself due to a conflict of interest.
2 Richard Berliand was appointed as a Director of the Board on 19 March 2019.
3 Rupert Robson stepped down as a Director of the Board on 15 May 2019.
4 Stephen Pull stepped down as a Director of the Board on 15 May 2019.
5 David Shalders stepped down as a Director of the Board on 30 October 2019.

The role of the Board and its committees

The Board is collectively responsible for the effective oversight of the Company and the long-term success of its business. The formal Schedule of Matters Reserved for the Board describes the role and responsibilities of the Board in full and is subject to annual review.

The Board delegates some of its responsibilities to the Audit, Nominations and Governance, Risk and Remuneration Committees, through agreed Terms of Reference which are subject to annual review. The responsibilities of each Committee are described in the governance framework on the page opposite and in the relevant Committee reports.

Responsibilities are also delegated by the Board to the Disclosure Committee through agreed Terms of Reference which are subject to annual review. The Disclosure Committee is responsible for considering on an ongoing basis, in accordance with legal and regulatory obligations and the Group Disclosure Policy, whether any recent developments in the Group's business are such that a disclosure obligation has, or may, arise and makes recommendations to the Board as appropriate.

The Board also delegates responsibility for the day-to-day operational management of the Company to the Chief Executive Officer, who is supported by the Executive Director Committee ('EDC'), Group Executive Committee ('GEC') and the Group Risk, Culture and Conduct Committee ('GRCCC'). The three Group executive level Committees are chaired by the Chief Executive Officer and their responsibilities are also described in the governance framework on the page opposite. The names, responsibilities and biographies of members of the GEC can be found on the Company's website at www.tpicap.com/who-we-are/leadership/group-executive-committee.

A governance framework is in place, approved by the Board, setting out the decision-making and reporting lines across the Group and authority levels delegated by the Board to certain committees, individual Directors and senior management. During 2019 a new Governance Manual was adopted, further developing the governance framework to provide clarity around the Group's central and regional governance structures, and to document the operation and governance of the Group's UK regulated entities, taking into consideration governance and regulatory developments, including the Senior Managers and Certification Regime. As a part of the Group's corporate structure reorganisation later this year the Governance Manual will be essential in reaffirming the regional governance structures and oversight that will be required.

The Company has clearly defined policies, processes, procedures and controls which are subject to continuous review in order to meet the requirements of the business, the regulatory environment and the market. Ultimate decision-making on matters affecting a legal entity is reserved for the legal entity board.

The Board Matters Reserved and Committee Terms of Reference can be found at: https://www.tpicap.com/investors/corporate-governance

Governance framework

Board

Has principal responsibility for promoting the long-term sustainable success of the Company, generating value for its shareholders and contributing to wider society.

- 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

Board Committees

Nominations and Governance
Responsible for reviewing the balance of skills, knowledge, experience and diversity of the Board and UKRE boards, making recommendations for Board, Committee and UKRE Non-executive Director appointments and monitoring succession plans. Also has responsibility for reviewing and making recommendations on all matters of corporate governance.

For more see page 66

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

For more see page 78

Risk
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. Ensures adherence to risk principles and thresholds.

For more see page 75

Audit
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, including monitoring independence. The Committee also reviews the effectiveness of internal controls in the Group.

For more see page 70

Executive Director
Responsible for refining proposals and reviewing the success of implementation of strategy, overseeing commercial and financial performance on a business line and regional basis, and monitoring the progress of risk and culture activities. The Committee makes recommendations to the Board and Legal Entities in accordance with the authority levels delegated by the Board.

Group Executive Committee

Responsible for ensuring the successful implementation of strategy and monitors the commercial and financial performance across the regions, global business lines and corporate functions. Makes recommendations to the EDC regarding strategy.

Group Risk, Culture and Conduct Committee

Responsible for providing executive oversight of the Group's enterprise risk management framework, reviewing and maintaining progress against cultural objectives and monitoring conduct within the Group. Communicates with and makes recommendation to the EDC, Risk Committee and Audit Committee as appropriate.

Corporate governance report continued

Division of Responsibilities
The roles of the Chairman and Chief Executive Officer are separate and a formal Statement of Division of Responsibilities has been adopted by the Company.

Chairman: Independent on appointment and leads the Board by facilitating the effective contribution of all Directors and ensuring high standards of corporate governance. Chairs the Board meetings, sets the Board agendas and promotes effective relationships between the Executive Directors and Non-executive Directors.

Chief Executive Officer: Accountable to, and reports to, the Board. Responsible for developing and implementing the strategy, setting the cultural tone throughout the organisation and providing coherent executive leadership in running the Group's operations and activities.

Executive Directors: Support the Chief Executive Officer in developing and implementing the Group strategy and leading the Company, which is consistent with its purpose, culture and values. Provide specialist knowledge and experience to the Board.

Non-executive Directors: Independent of management, assist in developing and approving the strategy. Provide independent advice and constructive challenge to management, bring relevant experience and knowledge and serve on the Board Committees. Support the Chairman by ensuring effective governance across the Group and reviewing the performance of the Executive Directors.

Senior Independent Director: Discusses with shareholders any concerns they have failed to resolve through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer, or for which such contact is inappropriate. Provides a sounding board for the Chairman and is available to act as an intermediary for other Directors when necessary. Responsible for reviewing the effectiveness of the Chairman.

Group Company Secretary: Advises the Board on matters of corporate governance and ensures that the correct Board procedures are followed. All members of the Board and Committees have access to the services and support of the Group Company Secretary.

The Division of Responsibilities can be found at:
https://www.tpicap.com/investors/corporate-governance

The Board's activities
In addition to the eight scheduled meetings, four off-cycle Board meetings were held in 2019 at which the Board discussed, among other matters, ongoing projects and changes to the Board membership. The Board also held multiple off-site strategy sessions.

Over the course of the year, the Non-executive Directors also met without the Executive Directors present to facilitate full and frank discussion, where they discussed the performance of the executive management team, among other matters.

The Board activities pie chart below and the table on the page opposite show how the Board spent its time at Board meetings during the year, including the key areas of focus and discussion.

How the Board spent its time during the year in scheduled meetings (%)

CFO update including dividend and tax matters	19%
Strategy	18%
CEO updates	12%
Business/management updates	10%
Routine matters	8%
Risk management and audit including Brexit	7%
Legal and compliance	7%
Corporate governance and policies	7%
Employees, ESG and culture	7%
Operations updates including technology	5%

Key agenda items discussed by the Board

Some of the key strategic priorities and areas discussed and reviewed by the Board in 2019 are shown below:

Strategic and operational priorities	Key activities and discussions
Strategy formulation, implementation and monitoring	> Regular Chief Executive Officer's reports > Acquisition strategy and post investment reviews > Regular reports on integration > Reports from the Americas, EMEA and Asia Pacific regions > Presentation from the Head of Client Relationship Management > Strategy Day and further strategy specific sessions (see page 56)
Build and sustain technology expertise	> Discussions on how technology can help grow each global function > Presentations on technology and cyber risk
Develop our people	> Culture and conduct initiatives > Employee development > Workforce engagement meetings with Non-executive Directors > Gender Pay Gap review > Whistleblowing updates, in conjunction with the Audit Committee
Enhance operational expertise	> Presentation on operations, including updates on Belfast office transition > Internal and external communications strategy > Regular reports on integration and integration metrics
Financial performance, including results, capital and liquidity	> Regular Chief Financial Officer's reports including financial performance > Five-year financial plan updates > Financial strategy > Approval of the 2019 Group budget and discussion of the 2020 budget setting process > Approval of 2018 year end results, the Annual Report and Accounts, the AGM circular and dividends > Approval of interim results and review of trading statements > Viability statement and going concern > Pillar 3 disclosures > Group Insurance renewal
Corporate governance and risk, including regulatory outcomes	> Reports of the activities of the Audit, Risk, Remuneration and Nominations and Governance Committees > Withdrawal of the United Kingdom from the European Union and consequences for the Group > Regular legal and compliance reports > Corporate restructuring updates > CRO updates, including on embedding a good risk culture > Conflicts of interest > Corporate governance updates, including approval of the Group Governance Manual > Board appointments > Board and Committee evaluation > Board and Committee Terms of Reference reviews > Securities dealing code update > Engagement with the FCA > Review of modern slavery statement
ESG, including stakeholder engagement	> CSR strategy > Investor relations reports and shareholder analysis > Review of the charitable giving policy > Climate change and environmental sustainability

Corporate governance report continued

How the Board has set the vision and strategy for the business

Overseeing the strategy of the business is a core Board activity and during the year it was the focus of significant additional debate and deliberation by the Board, the executive management team and advisers, following the decision to carry out an in-depth strategic review.

During May the strategic review process began with a two-day strategy off-site meeting of senior executives, including the GEC, to consider ideas and the ambitions of the business. The Board discussed the challenges in the business to achieving these ambitions, including technology and organisational structure. Following this event, a strategy "blueprint" was created, including the key pillars and enablers of future growth.

There followed five separate strategy sessions throughout the year, as illustrated below, at which the Board debated various elements of the strategy to develop the plan. The Board discussed, amongst other topics, trends in the macro-economic environment, the Company's strengths and weaknesses, the core principles behind the new proposals and synergies across the business to underpin a renewed strategy. Senior managers joined the Board to provide insights and stimulate discussion on a number of strategic options. The Board challenged senior management on whether the business had the capacity, skills and resources to deliver and execute against the plans.

Oversight of the strategy of the business will, of course, continue to remain central to the Board's activities. In the coming year the Board intends to monitor and evaluate progress against the renewed strategy execution plans in light of changes in the sector in which we operate and the views of shareholders, clients and other stakeholders.

May 2019 **Senior management off-site meeting**	> Firmwide ambition for a renewed strategy established > Board briefed and discussion on the outcomes of the initial meeting
June 2019 **Strategy Day 1**	The Board discussed: > Long-term strategic aspiration and vision > An overview of the divisions of the business > The organisational structure, strengths and weaknesses > Trends in the macro-economic environment
September 2019 **Strategy Day 2**	The Board discussed: > Organic strategic initiatives and initial financials > The client lifecycle > Electronic business and growing e-markets > Product offerings
October 2019 **Strategy Day 3**	The Board discussed: > Financial modelling to support decision making > Governance structure of the business > Execution planning > Internal and external communications
November 2019 **Strategy Day 4**	The Board discussed: > Technology implementation and associated risks > Initiatives to improve the customer experience > Organisational changes to enable growth > Identification of focus areas
January 2020 **Strategy Day 5**	The Board discussed: > Focus on 2020 execution of strategic initiatives and associated financials > Communication plan for vision and strategy

How the Board has satisfied its section 172 duty

In accordance with the requirements of section 172 and following the publication of the new UK Corporate Governance Code in 2018, the Board must have regard to stakeholders when promoting the success of the Company and the Board must demonstrate how it has taken steps during the year to engage with and have regard to stakeholders and other factors in its principal decision-making. This section of the Governance Report sets out how the Directors have had regard to the matters set out in section 172 and forms the Directors' statement required under section 414CZA of the Company's Act 2006. A similar statement will be reported in the statutory accounts for each of our active subsidiaries for the year ended 31 December 2019.

Our stakeholders
The Board believes that engaging with our shareholders and wider stakeholder groups through regular and constructive dialogue is central to delivery of our strategic objectives and building a sustainable business. During 2019 we not only increased our focus on stakeholder engagement, but also increased our attention on environmental and social matters. You can read more on this in the Chairman's statement on page 49 and in the Strategic Report on pages 40 to 44.

To better consider the issues, factors and stakeholders relevant in complying with section 172, the Board completed a stakeholder mapping exercise in 2018. The Board determined our key stakeholder groups as employees, shareholders, clients, regulators and suppliers. In addition, environmental and community matters are key areas of importance. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. Understanding our stakeholders enables the Board to consider the potential impact of decisions on each stakeholder group and take account of their needs and concerns, as a part of Board discussions.

How we engage
On pages 58 to 61 we set out our key stakeholder groups and the main methods used to engage with them.

The Board will continue to keep engagement approaches and mechanisms under review so that they remain effective.

During the year an initiative to review the Board paper templates was implemented in order to support the Board's endeavours to better engage with and consider the interests of our stakeholders. The revisions to the templates ensure that there are concise, insightful and digestible information flows with appropriate focus on section 172 considerations, enabling informed Board discussions with stakeholder feedback taken into account where appropriate in the Board's decision-making.

How stakeholder interests have influenced Board decision making
In making its decisions the Board considers the outcomes of any stakeholder engagement, the importance of maintaining a reputation for high standards of business conduct, the need to act fairly between members of the Company and the long-term consequences of any decisions. The following case studies provide some examples of how stakeholder interests were taken into account in Board discussions and decisions during the year.

Case Study – Proposed change to corporate structure

During the year the Board considered the continued appropriateness of the Group's international corporate and governance structure. As a result of this review, the Board proposed to incorporate a new Group holding company in Jersey by means of a Court-approved scheme of arrangement. As part of the early decision process the Board consulted with the Company's lead regulator, the FCA. The Board's advisers prepared detailed papers on the proposed transaction so that the Board could consider the effects of the proposals on employees, shareholders and clients. The Board also considered the risks and benefits of the proposal and meetings were held with key stakeholders to explain the process. Feedback helped the Board to satisfy itself that the introduction of a new holding company would be beneficial to the Group's financial flexibility, effective governance of the business and the Group's competitiveness. The Board announced the proposals in December 2019, which are subject to regulatory and shareholder approval.

For further detail see the Chairman's statement on page 48.

Case Study – Save As You Earn scheme and other share plans

During the year the Remuneration Committee reviewed wider employee pay structures. As part of this review, following feedback from employees, shareholders and regulators, the introduction of a Save As You Earn share scheme was considered to encourage wider share ownership across the Group. The scheme would initially be made available to UK employees and a mechanism for including international employees will be investigated. In addition, other share plans are being put in place to align employee and stakeholder interests.

Corporate governance report continued

How we engage – Employees

Why we engage
The Board recognises that engagement with employees at all levels of the organisation is vital to understand their needs and ensure that we retain and develop the best talent. At the same time, engagement with employees helps the Board ensure that the Company's culture, based on its core values of honesty, integrity, respect and excellence, is well embedded in the business.

How we engage
During the year employee engagement was enhanced through the establishment of a Non-executive Director Employee Engagement Programme. This was established following consideration of the provisions of the Code and FRC recommendations on approaching workforce representation. The Board considered it important to build on existing methods of employee engagement to obtain direct feedback and gauge workforce views on a variety of issues. The Board also agreed that it was important to glean the views of our colleagues across all our regions and therefore appointed three Non-executive Directors (Michael Heaney, Edmund Ng and Lorraine Trainer) to each cover a key region of the business: the Americas, Asia Pacific and EMEA, respectively. It was agreed that this employee engagement initiative would be aimed at all employees including agency workers and contractors. The approach would capture regional specific issues and employee interests and enable them to be shared with the full Board who would be able to consider and incorporate employees' views into its decision-making process where appropriate.

A plan for workforce engagement was drawn up with the support of regional heads of HR and Regional CEOs and launched during the year. Following a series of local meetings in each region each of the engagement Non-executive Directors presented their feedback reports to the Board at its October meeting. The Board discussed the emerging key themes, including training and opportunities, technology developments, communications and the work environment, and considered follow up regional actions for the programme, including on succession, personal development, office infrastructure and the future strategy of the business. Regional CEOs were tasked with following up on agreed actions, communicating progress to employees and updating the Board. It was agreed that the exercise had been very worthwhile as a mechanism for the Board to capture workforce sentiment and areas of concern and interest. You can read about the Non-executive Directors' own impressions from the initial engagement sessions on these pages.

Other forms of engagement with employees during the year included the annual engagement survey, a cultural oversight tool providing insight into employee sentiment and engagement levels, as well as listening breakfasts and planned "town hall" meetings led by the Chief Executive Officer in our key regions to update them on the progress of the business, answer their questions directly and hear their feedback. Outcomes of these engagements were reported to the Board, providing a cultural barometer and feedback on employees' views and concerns, along with periodic updates from HR on talent, succession planning and leadership development, and a Whistleblowing report highlighting the reported areas of concern for some employees.

In the UK there is also an employee representation forum, chaired by the Chief Operating Officer, EMEA and made up of elected individuals. This provides an opportunity for employees to engage with members of the executive team on various issues. Social media is monitored for employee feedback which is shared with the Executive Directors.

Feedback and insights from these engagement mechanisms are discussed in Board meetings and form a part of the Board's decision-making. The Board will continue to monitor the effectiveness of informal and structured programmes of employee engagement across the Group during the coming year to review our progress, improve oversight and ensure employees' views are integrated into the work of the Board and the strategy of the business while supporting our people's well-being.

Feedback from Americas meetings

Michael Heaney
Independent
Non-executive Director

"I was very interested to take part in the initial workforce engagement sessions we held in New York and New Jersey in October 2019. It was clear to me that these sessions, as part of our regional engagement strategy, were highly motivating for employee participants. The sessions were oversubscribed, which indicated to me the level of interest in this initiative. I was struck by participants' genuine interest not only in sharing their own experiences but also in hearing first-hand from senior leadership about the direction and strategy of the business. Amongst topics of interest raised, communications and technology were key issues employees wanted to discuss. As a Non-executive Director, I already have opportunities to meet and discuss matters with employees when I visit our offices. My impression is that this initiative will be an effective way of formalising the communication process to ensure greater consistency in gathering employee feedback and promoting a two-way dialogue with the Board."

Feedback from APAC meetings

Edmund Ng
Independent
Non-executive Director

"I greatly enjoyed the opportunity to chair the first five employee engagement sessions held in Hong Kong and Singapore. Attendees at these sessions represented a broad spectrum of employees from across the business. Wide-ranging discussions were held, based on the findings from the 2019 Employee Engagement Survey. It was clear from the feedback that employees welcomed this initiative with enthusiasm. I found that the two-way discussions gave me a good opportunity to engage more widely with employees in a more informal environment. Constructive discussion resulted in a number of suggestions on business topics and other employee matters of interest to take away, consider with the Board and on which to base action plans. The direct link that I can provide between the views of the Asia Pacific employees and the Board should ensure that we are gathering their feedback directly, trying to incorporate them when making business decisions and delivering some changes to meet their expectations."

Workforce engagement in the UK

Feedback from EMEA meetings

Lorraine Trainer
Independent
Non-executive Director

"I was delighted to be asked to take on the role of Workforce Engagement Non-executive Director, EMEA and be able to help build on the employee engagement strategy already in place in the Group. The three EMEA employee sessions at each of the London offices were very well attended. Participants were briefed beforehand as to the aims of the session and were able to submit anonymous questions in advance to help stimulate the debate.

During the sessions a range of topics came up including career progression and training. Recognition for a good job was cited by some. A greater involvement of a wider range of staff in process changes was also raised. Comments were also made about the impact on workload of cost constraints.

I was particularly pleased to see that the participants were from all levels of the business. I was impressed by the enthusiasm shown for this engagement initiative. Discussions were marked by a willingness to participate and views were shared with energy and passion.

The feedback I was able to bring back to the Board from these sessions will help the Board make better informed decisions based on the perspective of the EMEA workforce. I am looking forward to maintaining the momentum and developing this initiative in the coming year."

While the Company is required to put in place a mechanism for engaging with UK employees, given the geographic spread of the business the Board decided to include employees across all our regions. The process illustrated in the diagram below is mirrored in the other key regions of the business. In total three UK workforce engagement sessions were held in London in 2019.

Corporate governance report continued

How we engage – our other key stakeholders

Shareholders

Why we engage
Engagement with and participation from the Company's shareholders is of key importance to the success of the business and in achieving our aim to create long-term and sustainable shareholder value.

How we engage
The Chief Executive Officer, Chief Financial Officer and Chairman hold frequent meetings with investors to hear their views on various matters. The Board regularly receives feedback on these meetings, along with copies of analysts' and brokers' briefings. During the year a Chairman's roadshow and individual meetings with shareholders and sell-side analysts were held. The Chairman met with shareholders representing 48% of the shareholder register. We also engaged with institutional investors in several other ways, including at the BAML Financials conference and the Citi Small and Mid-Cap Growth conference.

All shareholders are invited to attend the Annual General Meeting ('AGM') and all the Directors normally attend the meeting. The Chairman welcomes questions from shareholders, who have an opportunity to raise issues informally before or at the AGM. There is a regular reporting and announcement schedule to ensure that matters of importance are communicated to investors. The Annual Report and interim results, together with information on the Group's activities, trading performance, products and recent developments are on the Company's website www.tpicap.com/investors.

All Non-executive Directors are available to meet shareholders, if requested, and the Board is regularly updated on shareholder feedback.

The Board considers shareholders' interests and views as a part of all their deliberations on an ongoing basis, including on the Company's strategy, distributions, and capital and liquidity. An example case study can be found on page 57 regarding the proposed change to corporate structure.

Clients

Why we engage
Our relationships and engagement with our clients are fundamental to the success of the business. Dialogue with our clients helps the Board to stay informed about clients' concerns, understand significant change in the business, predict future trends and re-align our strategy. Regular and effective dialogue with our clients enables the Board to understand their needs and how satisfied they are with our business.

How we engage
The Board is updated regularly on client engagement by the Chief Executive Officer as part of his Board paper. The client relationship management team provide holistic coverage of the Company's most important clients, both on strategic and tactical levels, to broaden and institutionalise relationships and identify opportunities for TP ICAP to more comprehensively serve our clients. Client relationship management reports are periodically included in the Board agenda. Client feedback and demands are also communicated to the Board throughout the year through the business CEOs.

During the year the Chief Executive Officer attended meetings with major clients engaging on the most important drivers of our clients' business, and other market participants in the US, and provided feedback to the Board on these meetings. He also met with clients to discuss strategy and focus on how to increase connectivity to various TP ICAP platforms. We also attended the Boca conference in America.

The Board has been considering the output from this engagement and its potential implications for the strategic options formulated under the strategic review conducted during the year.

Regulators

Why we engage
Engagement with regulators is key to better understanding and responding to their views and concerns and receiving feedback on our policies and ways of working.

How we engage
As the Group is lead regulated by the FCA we regularly engage with the FCA's supervisory team but, depending on the issues to be discussed, we may meet with the FCA's policy, prudential or competition teams. We also engage with the FCA and other regulatory bodies via sector consultation and round table exercises.

During the year, amongst other meetings with the FCA, the Chief Executive Officer and Group General Counsel attended an annual update meeting with the FCA's Chief Executive and Director of Supervision – Investment, Wholesale and Specialist to discuss achievements over the last twelve months and give an early indication of discussions taking place in connection with the strategy of the business. The Board received feedback from that meeting. As well as engagement with the FCA, the Board is kept apprised of discussions with regulators in other jurisdictions in which we operate through Board presentations and regular legal and compliance updates at the Board meetings. The Board was briefed on the views being expressed by regulators on how the markets would operate in the event of a hard Brexit.

The Board and its Committees take the views of our lead regulator into consideration during deliberations on the Group's risk and internal control framework, as well as in the future design of pay and compensation structures, including share plans.

In addition to engagement with regulators, we share our experience and expertise through engagement with various trade bodies to help raise standards and approaches across the sector.

Suppliers

Why we engage
Engagement with our key infrastructure suppliers is important for monitoring performance, managing risk and driving value. These suppliers provide business critical infrastructure services and certain outsourced operations across a wide spectrum of sectors including IT, telecommunications, market data and clearing and settlements.

How we engage
The Board receives periodic updates from the Head of Procurement on the status of supplier engagement which includes a status update on Corporate Social Responsibility ('CSR'), ESG and modern slavery matters, expenditure information, issues and risks and an update on any strategic initiatives in progress.

During the year the Board has continued to monitor progress on formalising our key strategic supplier management framework. There has also been a focus on consolidating our supplier base to monitor performance, manage risk, influence CSR and ESG matters and drive value. In addition, the Board has reviewed purchasing policies which aim to minimise the risk of modern slavery in our supply chain and the Board reviewed and approved the Modern Slavery Statement, which it does annually.

In 2020 the Board will receive regular updates on Payment Practices reporting which will further strengthen its oversight of and engagement with suppliers.

Other stakeholder interests

Community and Environment
The Board is acutely aware of society's increasing focus on ESG, especially the environment and climate change, and is committed to striving to operate in a sustainable and responsible way whilst delivering value for our stakeholders. Our 'A Voice for All' corporate responsibility strategy, launched in 2018, focuses on our stakeholders including clients and the wider society we operate within. Key community initiatives include our 'Everybody Counts' numeracy campaign and further details on our campaign can be found on pages 40 to 41. In 2020 the Board will continue to consider the full impact of our business within society as a whole.

During 2019 the Board increased its focus on the Group's environmental management approach and changes required to meet best practice among the FTSE 250. Through 2020 the Board will seek to introduce new initiatives, improve the Group's environmental reporting and take further action to safeguard the environment. The Board will be regularly updated on progress against any targets set.

You can read more on this area in the Chairman's statement on pages 6 and 7. Our reporting on greenhouse gas emissions can be found in the Directors' Report on page 103 and further details on our environment and climate responsibilities can be found in 'Resources, relationships and responsibilities' in the Strategic Report on pages 40 to 44.

Corporate governance report continued

Board composition

At the year end the Board comprised nine Directors: three Executive Directors, five independent Non-executive Directors, and a Non-executive Chairman. In compliance with the Code, over half the Board was comprised of independent Non-executive Directors throughout 2019 and this remains the case as at the date of this report with a total of five Non-executive Directors. The Company has also announced that additional independent Non-executive Directors, Angela Crawford-Ingle and Mark Hemsley, will join the Board with effect from 16 March 2020.

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 Directors' biographies on pages 50 to 51 and charts on this page demonstrate the depth and breadth of the Board's skills, knowledge, experience and competencies. The charts on this page reflect the constitution of the Board as at 31 December 2019.

Independence of Directors

The Board continually assesses the independence of each of the Non-executive Directors and has determined that all the Non-executive Directors are independent in character and judgement. The Chairman was independent on appointment.

None of the Non-executive Directors has received any remuneration additional to their Directors' fees and the reimbursement of reasonable expenses incurred in the course of performing their duties. Prior to his appointment to the Board, Richard Berliand received a consultancy fee for the period from 22 January 2019 to 18 March 2019. Further details in relation to this fee are provided in the Directors' Remuneration Report on page 88. 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.

Management of conflicts of interests

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 reviews 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 section 175 of the Companies Act 2006) or declared (in accordance with section 177 of the Companies Act 2006), as well as setting out Directors' other directorships. At any time that the Board considers a Director appointment, the Board is also invited to consider an extract of the Conflicts and Relevant Situations Register for the individual under consideration and is asked to authorise conflicts as necessary.

Terms of appointment

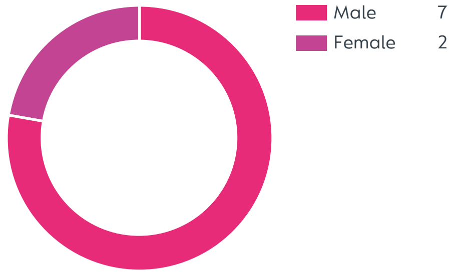
The terms of the Directors' service agreements and letters of appointment, which are aligned to the provisions of the Code, are summarised in the Report of the Remuneration Committee on page 98. Each of the Directors is subject to election by shareholders at the first AGM after their appointment by the Board and subject to annual re-election by shareholders thereafter. The service agreements and 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

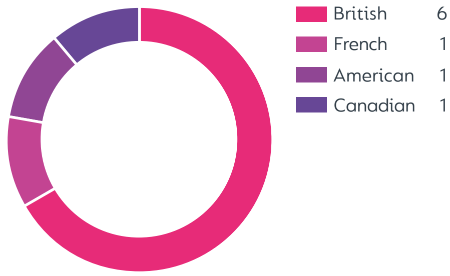
The Directors' other directorships are set out in the biographies on pages 50 to 51. The Board continually monitors external appointments to ensure that all Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively. The Board allows Executive Directors 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. None of the Executive Directors currently holds any external appointments.

Composition of the Board as at 31 December 2019

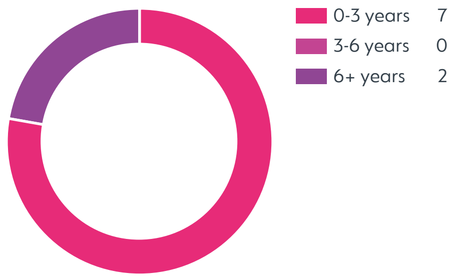
Gender



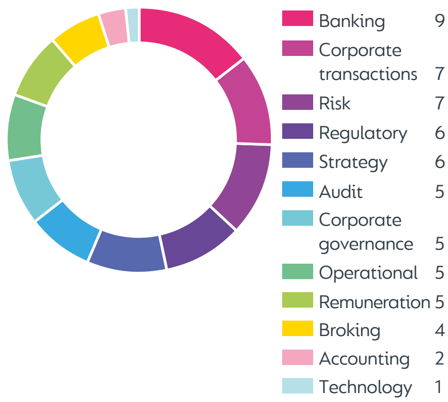
Nationality



Tenure



Skills mapping



Keeping the Board informed
The Board and its Committees are provided with appropriate and timely information. For scheduled meetings, agendas are drafted based on the previously agreed forward agenda schedule and are then reviewed to replace or include supplemental items to reflect current business priorities. Additionally, the Chairman of the Board or the Chairman of each of the Committees have sessions, in person or by telephone, with the Group Company Secretary or relevant function heads to review the agenda for scheduled meetings.

Wherever possible agenda items for consideration are accompanied by written reports and supporting papers. Verbal updates are permitted where matters are progressing at a pace to ensure the Directors have the most current information available. Board and Committee papers are circulated sufficiently in advance of meetings to enable Directors to review them.

The Group has a comprehensive system for financial reporting on the Group's financial position and prospects, which is subject to rigorous review by both 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 and Board Committee meetings are minuted. These summarise the principal points discussed during an item's deliberation, record any unresolved concerns and actions arising from the discussion.

The Group Company Secretary and Group General Counsel are responsible for ensuring the Board stays up to date with key changes in legislation which affect the Company. There are also procedures in place for taking independent professional advice at the Company's expense, if required.

The Board continually monitors the quality of the information it receives to ensure it is clear, comprehensive and helps the Board to carry out its duties. Board Intelligence was engaged in 2018 to assist in this regard. A comprehensive review programme was instigated in 2019 to review and refine the information that the Board receives, as well as how it is presented, including its format and frequency. To facilitate this review, the Board considered its priorities which were then used to focus forward agendas and Board papers. Further detailed work was then carried out to develop new Board and Committee paper templates and the meetings forward planner. The templates are based on a Q&A style of reporting, which helps draw out the key issues and information needed to facilitate both informed and engaged debate.

The templates also include guidance to ensure consideration is given by report authors when drafting papers to reflect the impact on and any engagement with key stakeholders as required by section 172. Business leaders, report authors and presenters were provided with training to provide them with the necessary tools to write clear, concise and consistent papers. The templates have now been in place for a year and, while the new style is still bedding in, it has already had a positive impact, enhancing the quality of reporting and effectiveness of Board and Committee discussions.

Board training and development
All Directors receive a comprehensive induction on joining the Board. Further details on both the general process for the induction of new Directors and specifically the induction of the Chairman, who was the only new Director to join the Board in 2019, are set out in the Nominations and Governance Committee Report on page 68.

The Chairman has overall responsibility for ensuring Directors continually update their skills and knowledge, and familiarity with the Company, so as to fulfil their role. Each of the Directors is however also personally responsible for ensuring that any specialist skills and competencies they have remain current. The Board and its main Committees receive briefings from relevant function heads on any relevant current developments as part of the normal Board reporting process.

A schedule of formal training provided to the Board and its Committees is maintained. The schedule was last reviewed by the Board in late 2019 and indicated that in total the Board and Committees had received over 15 hours of formal training on a wide selection of topics. These included: the Group's Brexit preparations, the UK Senior Managers and Certification Regime; the UK Corporate Governance Code 2018; section 172 duty; new IFRS standards; and cyber risk.

The Board is also 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 are encouraged to take advantage of external conferences, seminars and training events, and sign up to receive briefings issued by professional advisers on legislative, regulatory and best practice guidance and updates. They are also encouraged to meet members of the management teams both in the UK and overseas to enhance both their knowledge and understanding of the Group's core business areas. This direct engagement with staff also helps embed the Non-executive Directors' role as workforce engagement champions and enables them to observe first-hand the controls, culture and conduct behaviours in operation.

Corporate governance report continued

Board evaluation

The 2019 Board and Committees evaluation process was externally facilitated and is illustrated in the following diagram:

1
In June 2019 Clare Chalmers Limited, an independent provider of board effectiveness reviews, was appointed to conduct the external Board evaluation for 2019. Following the appointment, the Chairman and the Group Company Secretary met with Clare Chalmers to scope the process for the Board evaluation exercise and discuss the timetable.

→

2
In advance of starting her work with the Board, Ms Chalmers reviewed Board packs and previous internal evaluation reports.

→

3
During December Ms Chalmers observed Board and Committee meetings. Following this observation, Ms Chalmers conducted an individual, structured interview with each member of the Board, as well as the Group Company Secretary and other members of senior management and the Deloitte Audit Partner. In preparation for the interviews each interviewee was given a short scoping document.

→

4
Ms Chalmers prepared a draft report on her findings which was discussed with the Chairman and the Group Company Secretary.

→

5
The findings and proposed actions were presented to the Board on a non-attributable basis for discussion at the March 2020 Board meeting and agreement of action plans. Each Committee will also consider at a future meeting whether a specific development or important action plan is required for that Committee.

Progress against 2018 actions

The outcome of the 2018 Board evaluation exercise, which was internally facilitated, 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.

2018 evaluation recommendations	Progress made during the year
Enhance cultural oversight by the Board	> The Risk Committee reviewed the dashboard to monitor culture during the year. > Culture is included as a regular item for consideration within HR presentations to the Board. > The Workforce Representation and Engagement Programme was launched during the year and full details are on pages 58 to 59. The Board will continue to review the effectiveness of this programme.
Enhance the Board's engagement on priority matters	> Non-executive Director only engagement has been increased by scheduling a number of Non-executive only dinners. > Meeting agendas have been reviewed by the Chairman and the Group Company Secretary, with input from the Chief Executive Officer, including meeting length to ensure that sufficient time is allocated to business presentations for the discussion of key issues. > Meeting agendas and key decision papers and presentations have been reviewed by the EDC to ensure appropriate coverage of priority matters.
Enhance the Board's oversight of technology and cyber-risk	> It was determined that, given its importance, technology should be considered by the whole Board, with regular agenda items. > Technology was a key discussion item in the various Board strategy sessions. > Presentations on technology and cyber-risk were received by the Board during the year.

Actions agreed for 2020

The 2019 evaluation process confirmed that the Board and its Committees had areas for improvement and optimisation. The main recommendations arising from the Board evaluation for 2019, and actions planned during 2020, are set out in the table below.

2019 evaluation recommendations	Actions to be taken during 2020
Enhance the Board's engagement on the Group's culture and behaviours	> Include culture as a standalone agenda item for regular consideration by the Board, with focus areas to include ESG, CSR and conduct. > Evolve the workforce representation and engagement programme to assist the development of the Group's culture and diversity, including through follow-up action plans to address feedback received from employees. > Build greater trust around remuneration, improving understanding of the current policy and constraints. > Continue to maintain open communications with regulators to facilitate better understanding and robust engagement between both parties.
Monitor and evaluate progress in implementing the Group's strategy	> Develop appropriate milestones and metrics to monitor progress in executing the Group's strategy, which will be kept under regular review by the Board. > Review the resources available for implementing the new strategic priorities, especially in the drive towards operational and technological excellence, and supplement them if necessary, with consideration given to internal talent development and diversity, and with ongoing review by the Board.
Enhance the Board's composition, dynamics and processes	> Continue to consider the appropriateness of the composition of the Board and Committees, including the skill base and wider diversity, to keep pace with the execution of the Group's strategy. > Keep under review the Board and Committee meeting agendas to ensure sufficient focus is on priority items and time allocations are appropriate to support effective deliberations. > Facilitate the development of the Board's common purpose and embrace the change in dynamics brought about by the addition of new members to the Board.

Specific developments and actions to be taken during 2020 by each of the Board Committees will be considered at future meetings of the Committees.

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

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 to 51, is reviewed. Roger Perkin was subject to rigorous evaluation, in line with the Code, given that he will have served over seven years by the time of the AGM in May 2020.

All Directors subject to the evaluation were deemed to be effective members of the Board and are recommended for re-election at the AGM.

Report of the Nominations and Governance Committee

Richard Berliand
Chairman, Nominations and Governance Committee

Committee members	Meetings attended[1]
Richard Berliand[2]	2/2
Michael Heaney	4/4
Angela Knight	4/4
Edmund Ng[3]	3/4
Roger Perkin	4/4
Lorraine Trainer	4/4
Rupert Robson[4]	2/2
Stephen Pull[5]	2/2
David Shalders[6]	3/3

1 In addition to the scheduled meetings, one further meeting was held at short notice in May. All members were able to attend the additional meeting except for Lorraine Trainer due to a previous commitment which could not be rearranged.
2 Richard Berliand was appointed as a member and Chairman of the Committee with effect from 15 May 2019.
3 Edmund Ng was unable to attend the January meeting due to attendance at an urgent medical appointment.
4 Rupert Robson stepped down as a member and Chairman of Committee with effect from 15 May 2019.
5 Stephen Pull stepped down as a member of the Committee with effect from 15 May 2019.
6 David Shalders stepped down as a member of the Committee with effect from 30 October 2019.

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

Dear fellow Shareholder,

This year the Committee had its second full year after significantly widening its remit and responsibilities to include oversight of governance matters. I have summarised below the various matters that the Committee has dealt with during 2019 and those which have been introduced for 2020.

Succession planning and diversity
Succession planning and talent review continues to be a very important responsibility for the Committee. As part of last year's review of the Committee's effectiveness, it was resolved to examine senior management talent and bench strength more deeply. In March 2019, the Committee was joined by the Group Head of HR to review and discuss succession and talent development. Not only did the Committee review succession plans for individual Executive Directors and Group Executive Committee members, but also their direct reports, identifying possible business leaders of the future. As a result of this review key new roles were filled internally or recruited externally, including the Regional CEOs and Group Head of Compliance. Successors were identified for the global business line CEOs and other senior management roles, and the longevity of the identified successors was debated.

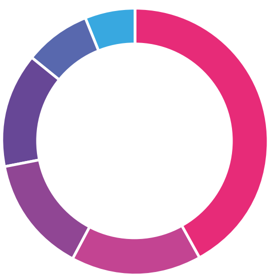
Acknowledging the importance of identifying TP ICAP's future senior leaders and ensuring there is a talent pipeline to draw from, the meeting also considered formal and structured talent development initiatives, including a leadership development training programme and a global mentoring programme. To complement these structured initiatives, the Committee has also sought opportunities to meet future leaders in a less formal environment, such as at Board dinners or drinks receptions.

The Committee is of one mind that an important element of embedding the right culture in the organisation is ensuring there is a strong diversity and inclusion ethos. We recognise that an individual's unique perspectives and different ways of thinking can stimulate new ideas and potentially drive efficiencies; therefore, the promotion of equality, diversity and inclusion across the Group is an important objective for the leadership team. This includes at the senior management level, where we aim to build a diverse pipeline for succession to leadership or even Board positions.

Board member recruitment
We set out in 2018 our commitment to ensuring appropriate refreshment of the Non-executive Director complement of the Board, mindful always of our diversity aspirations. To this end, the Committee will continue to pay particular attention to the knowledge, skills and experience needed by the Board to make it future ready. During 2019, the Committee has been focused on succession planning for those Non-executive Board colleagues with tenure of over six years, and also on seeking to replace key knowledge, skills and experience recently lost from the Board.

Board composition, tenure and diversity was a subject of discussion at Committee meetings throughout 2019. At the additional meeting held at short notice in May, the Committee discussed Board composition, size and refreshment in light of Carol Sergeant's retirement as an independent Non-executive Director at the end of 2018. The Committee also

How the Committee spent its time during the year in scheduled meetings (%)



Corporate governance	42%
Routine matters	16%
Executive Director and Senior Management succession planning	14%
Skills and experience review – Board and Board Committees	14%
Board member recruitment (Non-executives)	8%
Stakeholder engagement	6%

acknowledged that two longer serving Board members would be approaching nine years' tenure as independent Non-executive Directors over the subsequent few years.

In the Autumn we announced that Angela Knight would retire as a Director and Senior Independent Director at the conclusion of the 2020 AGM, having served nine years on the Board, and that David Shalders would step down from the Board on 30 October 2019, having taken up an executive role at London Stock Exchange Group plc. Roger Perkin will also reach nine years' tenure in Autumn 2021.

As Chairman, I have led the search for their successors. We were very pleased to confirm recently that Angela Crawford-Ingle and Mark Hemsley would be joining the Board with effect from 16 March 2020. As well as joining the Audit, Risk and Nominations and Governance Committees, Angela will also become Chair Designate of the Audit Committee, assuming the Chair of that Committee on Roger Perkin's retirement from the Board in 2021. Mark will join the Risk and Nominations and Governance Committees.

An important consideration for the Committee is ensuring there is adequate overlap between the future envisaged departure of a Committee Chair and his or her identified successor. This gives the Chair designate an opportunity to shadow the incumbent and learn about the organisation and role before assuming those responsibilities. This was of great value to Lorraine Trainer prior to her assuming the Chair of the Remuneration Committee, and we believe that it will be of equal value to Angela Crawford-Ingle.

The search for a further Non-executive Director position, to assume the Senior Independent Director role, is ongoing and has involved a full review of the composition of the Board with consideration of optimal Board size, desired skills, knowledge, experience and diversity. In the meantime

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

Board and Committee membership, and succession planning
> reviewing the balance, skill, knowledge and experience of the Board and Board Committees; making recommendations to the Board as to necessary and appropriate adjustments in structure, size and composition;
> overseeing succession planning processes for the Board and senior management;
> making recommendations to the Board on all proposed new appointments, elections and re-elections of Directors at AGMs;

Board performance
> supervising the Board performance review process; overseeing any remedial action required as a result of the Board performance evaluation process concerning the composition of the Board;

Director independence
> assessing and making recommendations to the Board in relation to the independence of Non-executive Directors;

Conflicts and related person transactions
> reviewing conflicts;

Governance
> considering various governance matters, including compliance with the UK Corporate Governance Code, the UK Senior Managers and Certification Regime and/or other relevant regulatory regimes;
> reviewing key non-pay related workforce policies and stakeholder engagement mechanisms;

Social and environmental matters
> reviewing and approving the content of any social and environmental related statements or policies;

Conduct
> reviewing and approving the Company's Code of Conduct, share dealing code and related policies;

UK regulated entities ('UKREs')
> agreeing procedures for the selection of and making recommendations to the UKRE boards on new appointments of independent Non-executive Directors and considering the succession planning process for the UKRE boards; and
> reviewing the balance, skills, knowledge and experience, time commitment, independence and diversity of the UKRE boards, and making recommendations as required.

I am pleased that Roger Perkin has agreed to assume the Senior Independent Director responsibilities on an interim basis once Angela Knight steps down from the Board.

Search process
As for the Chairman succession process leading to my appointment early in 2019, the Committee approved the appointment of Russell Reynolds, an independent search consultancy with no other connection to the Company, to conduct the formal process for the Non-executive Director searches. Candidate specifications were agreed and used by Russell Reynolds to identify potential external candidates in the market. These specifications included expected time commitments, skills and experience requirements. The searches have been based on objective criteria, with due regard to the Board's diversity goals, during which long lists and then shortlists of possible candidates were prepared. As a part of the process members of the Committee have

Report of the Nominations and Governance Committee continued

been invited to meet individually with the shortlisted candidates. In respect of the two completed searches leading to the Committee formally agreeing to recommend Angela Crawford-Ingle and Mark Hemsley to join the Board, all members of the Board interviewed the preferred candidates.

Induction

The induction process for all newly appointed Directors involves the appointee receiving a comprehensive induction programme and briefing with external legal advisers on Directors' duties, roles and liabilities either prior or soon after appointment. Access is provided to the Board and Committee packs (including minutes and papers) from previous Board cycles and one-to-one induction meetings are held with Executive Directors, GEC members and other senior managers, including the Group Company Secretary. Company constitutional, compliance and governance documentation, as well as information relating to the Group structure and the expenditure control framework, is also provided. The Committee seeks feedback on the induction process from newly appointed members of the Board with a view to improving the programme. I was the only newly appointed Director in 2019, and my induction closely followed this template.

Board skills, experience and diversity

A balanced Board with a broad range of skills, experience, knowledge and diversity is more likely to be an effective Board. The Committee makes recommendations to the Board on Board appointments and succession, to ensure there is an appropriate balance of skills and experience and progressive refreshing of the Board, at all times having regard to diversity aspirations.

In the Committee's consideration of diversity, we look at it in its broadest sense, not just in respect of gender, but also age, experience, ethnicity and geographical expertise. Despite our focus on recruiting on merit and the best candidate for any role, we are nonetheless committed to increasing the percentage of female Board members. At the beginning of 2019 the Board's gender diversity in terms of proportionality was temporarily weakened following Carol Sergeant's retirement at the end of 2018 and the increased size of the Board, which returned to more normal levels at the conclusion of the 2019 AGM. In the second half of 2019 the proportion of female Board members was at 22.2%.

During 2019 and 2020 to date, female candidates have been considered in all searches for Board members, and we were delighted to recently confirm Angela Crawford-Ingle's appointment to the Board. We, however, remain committed to going beyond the current percentage of female Board members and intend for the next independent Non-executive Director to be appointed to be female. As a consequence, we anticipate that the proportion of women on the Board will be at least 30% following Roger Perkin's retirement from the Board in 2021, a minimum level which we aim to maintain. Further details on our approach to Diversity can be found on pages 48 to 49 and 62.

Our ability to increase our female representation at Board level depends on the availability of suitable candidates, and we remain committed to extending diversity at all levels of the organisation. The continued entry of diverse candidates to our sector is vital, as is the retention and development of current talent within the Company.

Governance

During the year the Committee has paid particular attention to the evolving corporate governance and regulatory environment, bringing in external subject matter experts to support the development of the Board's priorities for 2019 to 2020 and help in structuring how information is presented to the Board so that Board members are better able to comply with their section 172 duty. Additional areas of focus have included internal assessment of the Company's compliance with the changes to the UK Corporate Governance Code, stakeholder engagement, development of the Group's governance framework and oversight of the UK regulated entities.

During 2019 the governance framework for the Company and its subsidiaries was further formalised, documenting the decision-making, reporting lines and delegated authorities across the Group into one Group Governance Manual. Among other matters considered by the Committee were reviews of the Board's responsibilities as a whole, division of responsibilities between the Chairman and Chief Executive Officer, and the remit of the Committee in relation to the Group's UK regulated entities. Specific attention was given to the Committee's responsibilities in respect of diversity and inclusion and social and environmental matters. Further information on the Group's governance framework and specifically the Governance Manual can be found on page 52.

The regulated entities' governance

The governance of the Group's UK regulated entities was a particular area of focus during 2019. As part of the development of the Group's governance framework, and having regard to the introduction of the UK Senior Managers and Certification Regime in December 2019, a specific addendum to the Governance Manual setting out the governance for the UK regulated entities was introduced.

The Committee has expanded its remit for 2020 and will make recommendations to the UK regulated entity boards on board appointments and succession, with consideration for an appropriate balance of independence, skills, experience and diversity. The mix of skills, knowledge, experience, competencies and background of the UK regulated entity executive board members has been considered by the Committee and recommendations made for areas to strengthen as the Committee considers independent Non-executive Directors for the UK regulated entity boards. We are committed to ensuring there is appropriate female representation on the UK regulated entity boards whilst at the same time being focused on recruiting on merit.

Stonehaven, an independent search consultancy with no other connection to the Company, has assisted the Committee and Executive Directors in the formal search for UK regulated entity independent Non-executive Directors. As a part of the recruitment process members of the Committee meet with the shortlisted candidates.

The Committee recently made recommendations on the appointments of an independent Chairman and of an independent Non-executive Director to the Group's UK regulated entites, and expects to make a further recommendation during the first half of 2020.

Stakeholder engagement

The Committee has considered engagement with a number of key stakeholders during the year, including how best to bring the employee voice into the boardroom, as reported in the 2018 Annual Report. The development of the Group's workforce engagement programme has been a particular area of focus for the Committee and further information may be found on pages 58 to 59.

Other areas of the Committee's focus

Social and environmental matters

The 2019 review of the Charitable Giving and CSR Policies, and discussion on the Group's Corporate Social Responsibility Strategy and Climate Change and Environmental Sustainability for 2020 was undertaken by the Board with the Committee members present.

Conduct

The Group's Code of Conduct, setting out the Board's dedication to embedding and upholding high ethical standards and integrity in all aspects of its operations and business, was an area of discussion and review by the Committee prior to its revision and approval in March 2020.

Board performance

During 2019 the Committee supervised the Board performance review process, including discussion on the process and timings for the externally facilitated Board evaluation to be completed at the end of 2019. Clare Chalmers Ltd was utilised as the external facilitator and further details on the Board Evaluation process can be found on pages 64 and 65.

Director independence, conflicts and related person transactions

During 2019 the Committee assessed the independence of the Chairman on his appointment. The Board's reported and potential conflicts and relevant situations were also reviewed at every Committee meeting. Related party transactions were considered as situations arose and further details on Director independence can be found on page 62.

Ahead of making any appointment decision, consideration is given to whether, in the Company's view, the proposed Director would have sufficient time to fulfil his or her Board responsibilities given their other appointments.

Committee effectiveness

Since the internal review of effectiveness conducted in January 2019, the Committee has progressed areas identified for improvement. During the year the Committee reviewed senior management talent and bench strength at the GEC and GEC-1 levels, thus getting an improved view on the leadership talent pipeline. Progress was also made with the development and introduction of Board paper reporting templates to add focus on key stakeholders and section 172 duty.

An external review of the Committee's effectiveness was conducted in December 2019 to January 2020 which determined that the Committee was operating well in most areas. Specific developments and actions to be taken by the Committee during 2020 will be considered at a future meeting.

Election and re-election of Directors

The Committee takes into account the results of the evaluations of individual Directors (see page 65 for further information) to assist in determining whether to recommend to the Board the election or re-election of Directors at every AGM, as required in accordance with the Company's Articles of Association. The Committee has considered the mix of skills, knowledge, experience, competencies and background of the members of the Board. The Board considers that it exhibits gender and cultural diversity, and the range of skills and backgrounds encompasses financial, commercial, operating, control, corporate governance, accounting, regulatory, audit, political and international attributes. These will be further strengthened through the current ongoing independent Non-executive Director recruitment process.

All Non-executive Directors have submitted themselves for election or re-election at the 2020 AGM with the exception of Angela Knight. The Committee is pleased to recommend all Directors putting themselves forward for election or re-election at the AGM in 2020, including Angela Crawford-Ingle and Mark Hemsley, who will be submitting themselves for election for the first time in accordance with our Articles of Association. Given the length of service of Roger Perkin, his evaluation was subject to rigorous scrutiny prior to making a recommendation for his re-election. The biographies of the Directors standing for election or re-election can be found on pages 50 to 51 with further detail accompanying the Notice of the AGM and also on the Company's website: www.tpicap.com.

Richard Berliand
Chairman
Nominations and Governance Committee
10 March 2020

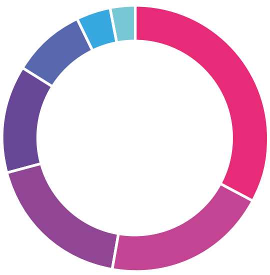
Report of the Audit Committee

Roger Perkin
Chairman, Audit Committee

Committee members	Meetings attended
Roger Perkin	5/5
Angela Knight	5/5
Lorraine Trainer	5/5
David Shalders[1]	4/4

1 David Shalders attended all meetings prior to stepping down from the Board on 30 October 2019.

How the Committee spent its time during the year in scheduled meetings (%)



Internal auditor	33%
External auditor	20%
Annual reporting cycle	18%
Routine matters	13%
Risk management and internal controls	9%
Tax matters	4%
Corporate governance	3%

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

Dear fellow Shareholder,

The Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial information provided to shareholders, the Company's systems of internal control and risk management, the internal and external audit process, and the process for compliance with relevant laws and regulations.

This report sets out how the Committee discharged its responsibilities during 2019 and explains how the Committee ensured the integrity of financial reporting by undertaking a review of the controls in place. The report also highlights the Committee's assessment of significant financial reporting judgements in connection with the 2019 financial statements, and the conclusions reached.

All Committee members are independent Non-executive Directors with experience in the financial services sector and I fulfil the Code requirement of having recent and relevant financial experience as a qualified accountant. During the year David Shalders stepped down from the Board and Committee on 30 October 2019. I would like to thank David for his invaluable contribution during his time as a member of the Audit Committee.

The Committee reviewed whether the 2019 Annual Report, taken as a whole, is fair balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. We made a 'fair balanced and understandable' recommendation to the Board, which is explained on page 72.

The Committee believes that it has complied with the Audit Committee composition requirements in the Code.

As Chairman, I provide regular reports to the Board on the activities of the Committee and how we have discharged our duties. Outside formal Committee meetings, I engage regularly with members of finance and the risk functions, 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:

Financial reporting
> 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;

External audit
> reviewing the effectiveness of external audit;
> assessing external auditor independence;
> developing a policy for non-audit services provided by the external auditor;

Risk management and internal control
> considering the effectiveness of the Group's systems of risk management and internal control, including all material controls;

Internal audit
> 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 and the Group's Annual Report and Accounts.

Significant financial reporting judgements in 2019

We considered a number of judgements in connection with the 2019 Consolidated Financial Statements. These judgements, how the Committee addressed them and the conclusions we reached, are set out below:

Judgement	Note	Action the Committee took	Conclusions
Presentation of acquisition, disposal and integration costs and exceptional items	2(c)	> 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 and that the disclosures are 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 an impairment charge of £24m is required in the year to the Asia Pacific CGU and that the disclosures are appropriate.

Other items that were less significant but were discussed included: the application of the new lease accounting standard (IFRS 16) as disclosed in Note 2(e), the Group's assessment and disclosure of legal cases and regulatory investigations; accounting for the wind-up of the UK pension scheme; the Group's reporting of its acquisitions and related remeasurement of outstanding consideration as disclosed in Note 32.

Report of the Audit Committee continued

Fair, balanced and understandable

Before the 2019 Annual Report was approved, the Committee was asked to review and consider the processes and controls in place to help ensure it 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.
> Board members received drafts of the Annual Report for their review and input which provided an opportunity to discuss the drafts with both management and the external Auditor, challenging the disclosures where appropriate.

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.

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 2019, to ensure the audit plan had been completed effectively, the Committee:

> reviewed the work and reports of internal audit;
> reviewed how internal audit recommendations had been implemented;
> monitored progress against the internal audit plan during 2019; and
> approved the 2020 Annual Audit Plan.

Internal audit have continued to build the in house team, implement revised methodologies and update reporting. In parallel, the role of our outsource provider, KPMG, has been progressively reduced and, subsequent to the year-end, a new co-source provider, Ernst & Young, has been appointed. Also subsequent to the year-end our Chief Internal Auditor, Bernadine Burnell, has resigned in order to take up a position with another major financial services company. We would like to express our sincere thanks to both Bernadine and KPMG for their contribution. Mark Pointer, our present Head of Audit for EMEA, has been appointed as Bernadine's successor on an interim basis.

External auditor

Effectiveness

I meet regularly with the external audit partner throughout the year 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 2019 effectiveness review of both the external auditor and the 2019 audit, the Committee considered:

> the quality of Deloitte's 2019 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 identify any significant concerns.

In addition, the Committee concluded that the 2019 external audit had been effective.

Independence and non-audit services

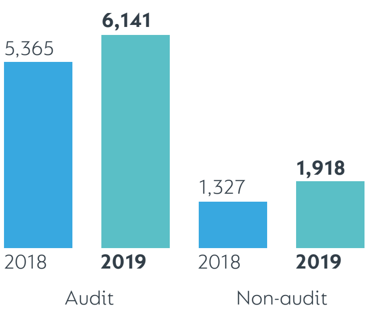
When considering the 2019 Annual Report, the Committee reviewed the objectivity and independence of the external auditor. We also considered the professional and regulatory guidance on auditor independence and Deloitte's policies and procedures for managing independence.

Deloitte confirmed that no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group or Parent Company.

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 2019. During the period under review the non-audit services performed by the external auditor amounted to £1.92m, 31% compared to the £6.14m of audit fees. Non-audit services primarily relate to regulatory reporting, the interim review of the Group's half year financial statements, audits of subsidiary financial statements not mandated by law and reporting accounting services in respect of the proposed incorporation of a new Jersey-domiciled Group holding company. These services are typically, or required to be, performed by the external auditor. There were no advisory or consulting services provided by the external auditor to the Group.

Audit and non-audit fees (£'000s)



More information can be found on page 137 in Note 5 to the Consolidated Financial Statements .

External audit

Deloitte has been the Company's auditor since its predecessor company listed in 2000. In 2013, the Board put the external audit contract out for tender and concluded that Deloitte should be re-appointed.

During the year, in accordance with normal rotation practices, Robert Topley the lead audit partner stepped down and Alan Chaudhuri was appointed in his place for the year ended 31 December 2019.

In accordance with prevailing corporate governance requirements, the audit contract will be put out to tender at the latest in 2023 in respect of the year ending 31 December 2024. This would allow a full five-year term for the incoming new lead audit partner. The Committee will continue to monitor legal requirements and developments in best practice with regard to audit tender arrangements.

The Committee is very aware of the developments relating to the external audit process driven by various reviews and welcomes moves to ensure the continuing robustness, challenge and independence provided that they genuinely address acknowledged quality issues. We have alerted other major audit firms to the audit tender process referred to above with a view to ensuring that, at that time, we will be able to choose from the widest possible selection of appropriately skilled and independent firms, with the geographical reach to audit us globally.

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 2019.

Risk management and internal control

The Board is responsible for:

> setting the Group's risk appetite;
> ensuring the Group has an appropriate and effective 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 34 to 35.

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 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 2019, considering reports from management, external audit and the work of the Group Risk and Internal Audit functions. As a result of both changes in the business and regulatory feedback, the Group has undertaken a complete review and enhancement of its global risk management framework and ongoing enhancement of internal control. Further details can be found in the Report of the Risk Committee on pages 75 to 77.

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'.

Report of the Audit Committee continued

Whistleblowing

During the year there were several developments in relation to the Group's Whistleblowing arrangements. An independent reporting facility managed by a third party was introduced, designed to enable employees and individuals outside TP ICAP to raise concerns anonymously. This was combined with a global "Speak Up" campaign to raise awareness. The Group's Whistleblowing policy has also been updated against best practice and guidance published by the relevant statutory and regulatory authorities. The Committee received reports of employees' concerns in December 2019 and March 2020 and made recommendations to the Board as part of their ongoing responsibilities, in addition to the regular Whistleblowing updates received by the Board. The Committee noted that there was an increase in reports from employees during the year which indicates that employees feel increasingly confident about raising concerns and that the campaign to raise awareness has been successful.

During the coming year the Committee will continue to review the Whistleblowing arrangements in conjunction with the Board.

Committee effectiveness

An external review of the Committee's effectiveness was conducted in December 2019 to January 2020 which determined that the Committee was operating well in most areas. Specific developments and actions to be taken by the Committee during 2020 will be considered at a future meeting. During the year the Committee also conducted a review of its Terms of Reference.

Roger Perkin
Chairman
Audit Committee
10 March 2020

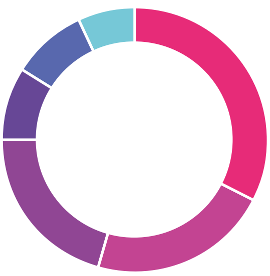
Report of the Risk Committee

Michael Heaney
Interim Chairman, Risk Committee

Committee members	Meetings attended
Michael Heaney[1]	5/5
Angela Knight[2]	4/4
Edmund Ng	5/5
Roger Perkin	5/5
David Shalders[3]	4/4

1 Michael Heaney replaced David Shalders as Chairman of the Risk Committee in October 2019.
2 Angela Knight became a member of the Risk Committee in January 2019.
3 David Shalders stepped down as Chairman of the Risk Committee on 30 October 2019.

How the Committee spent its time during the year in scheduled meetings (%)



Business and functions risk reviews	33%
Update from CRO	22%
Risk framework and corporate governance	21%
Routine matters	9%
Risk culture	9%
Project risk reviews	7%

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

Dear fellow Shareholder,

On behalf of the Board, I am pleased to present the Report of the Risk Committee explaining how the Committee has discharged its risk oversight responsibilities during 2019.

I was appointed as interim Committee Chairman in October 2019, although I have been a member of the Committee since I was appointed to the Board in January 2018 and so am well aware of the Committee's activities during the chairmanship of my predecessor, David Shalders. On this point, I would like to extend a warm thank you to David, on behalf of the committee, for the sterling work undertaken during his tenure.

During 2019 the Committee focused its attention on the most significant risks facing the Group, including those arising from Brexit and integration, as well as cyber risk and operational resilience.

The Committee also oversaw the implementation of the Group's new Enterprise Risk Management Framework ('ERMF') which has materially enhanced the Group's risk management capability and will support the delivery of the Group's business strategy.

In discharging its risk oversight responsibilities, the Committee has remained cognisant of the high standards of risk management expected of market infrastructure providers and the requirement to safeguard the interests of its clients, investors and shareholders.

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

Setting risk appetite, culture, controls and policy

> defining the nature and extent of the risks the Group is willing to take;
> defining the expectations for the Group's risk culture;

Monitoring, reporting and advisory activities

> reviewing the Group's culture monitoring arrangements and promoting a risk-aware culture;
> ensuring the Group has an appropriate and effective risk management and internal control framework;
> overseeing the implementation and annual monitoring of the ERMF, including the adoption and implementation of both risk tolerances and Risk Management Standards;
> reviewing resourcing within the Three Lines of Defence;
> reviewing the control environment and tracking any remedial actions;
> identifying and considering future and emerging risks, regulatory developments and relevant mitigants;
> considering the Company's prospects, current position, principal risks, and assessing whether there is reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due;
> 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; and
> reviewing the appointment or dismissal of the Chief Risk Officer ('CRO') and Group General Counsel.

Report of the Risk Committee continued

Key matters considered by the Committee in 2019

Topic	Matters considered and actions taken by the Committee
Broking process	Oversight of the key risks arising from the Group's broking and post-trade activity, including through the review of key risk data included in the Chief Risk Officer's reports.
Infrastructure	Updates on key aspects of the Group's technology and other infrastructure, including presentations by the Group Chief Operating Officer ('COO'). This included oversight of the operational risks arising from the migration of systems and infrastructure undertaken as part of the broader Integration Programme. Reports to monitor the Group's business continuity arrangements and capability. This included monitoring the Group's ability to meet its targeted recovery time objectives across all areas of the business and ensuring that action is taken to address any deficiencies identified.
Cyber security and data protection	The status of the Group's cyber security capability, including updates provided by the COO, and continued to monitor the Group's ongoing activity to enhance cyber resilience against increasingly sophisticated cyber-threats.
Human capital	The Group's resourcing profile and the steps taken to address key person dependencies. This included monitoring the status of succession planning for key senior management positions. In this context, the Committee remained alert to the challenges posed by the requirement to implement a range of significant business and regulatory change programmes, and the requirements to ensure sufficient capability and capacity to deliver these programmes.
Financial risk	The Group's financial risk exposure as part of the CRO and Chief Financial Officer's ('CFO') report, including its FX and credit risk exposure. In reviewing the Group's financial risk profile, the Committee considered the potential impact of a hard Brexit.
Capital and liquidity adequacy	The Group's capital and liquidity position provided by both the Group CFO and CRO. As part of this activity, the Committee undertook a Group Review of Capital and Liquidity Adequacy, which assessed the Group's prudential position at consolidated Group level, as well as the Internal Adequacy Assessment Process ('ICAAP') submissions compiled for the Group's UK regulated entities. This included reviewing and challenging the stress tests undertaken to assess the Group's capital and liquidity adequacy in stressed conditions. The Committee also reviewed the Group Recovery Plan to assess the appropriateness of both the various recovery actions defined in the plan and the calibration of the recovery indicators adopted to ensure that the Group has sufficient early warning of any potential deterioration in the Group's financial position. The recovery plan was updated in 2019 to reflect the various changes to the Group's ERMF.
Legal and compliance	Reports at each meeting from the Group General Counsel and Head of Compliance on key legal and compliance issues. This included overseeing the Group's preparations for the introduction of the Senior Managers and Certification Regime ('SMCR') which applied to the Group with effect from 9 December 2019. The Committee continued to monitor the status of the Group's surveillance programme to standardise surveillance capability throughout the Group.
Brexit	The status of the Group's Brexit response plan, including the contingency plans in place to address a no deal Brexit with loss of passporting rights between the UK and the EU.
Legal entity rationalisation	The status of the Group's ongoing project to rationalise its legal entity structure to ensure any associated risks are being managed effectively.
Risk framework	The implementation of a number of new risk management processes across the Group as part of the broader roll-out of the new ERMF. This included a new control attestation process and stress testing programme, as well as the implementation of a new enterprise risk management system.
Risk and compliance resourcing	The planned build-out of risk and control personnel to ensure the Group has the capability to deliver the new ERMF and meet regulatory expectations. The Group made significant progress in this regard during the year, with a significant number of hires made in Risk, Compliance and first-line control officer roles. These hires included the appointment of a Group Head of Compliance, a Chief Controls Officer and a Data Protection Officer, all of which constitute new roles for the Group.

Review of Committee effectiveness
An external review of the Committee's effectiveness was conducted in December 2019 to January 2020 which determined that the Committee was operating well in most areas. Specific developments and actions to be taken by the Committee during 2020 will be considered at a future meeting. During the year the Committee also conducted a review of its Terms of Reference.

Key priorities for 2020
The Committee will continue to monitor the key risks faced by the Group to ensure these are being managed effectively and in accordance with the Group's risk appetite. This will include conducting deep dive reviews into specific areas of the Group's business and risk profile, with a number of such reviews planned for 2020, including in relation to operational resilience and the client life-cycle.

The Committee will also continue to monitor the key emerging risks to which the Group is exposed. This includes the challenges arising from the rapid pace of technological change and potential changes to market structure, as well as changes to the regulatory framework in which the Group operates, and immediate emerging risks, such as Covid-19, which the Group continues to monitor and respond to as appropriate.

The Committee will also continue to oversee the ongoing initiatives in relation to conduct and culture, to assess the Group's performance against its stated objective of ensuring that its staff maintain the expected high standards of personal and professional conduct.

The Group will also continue to oversee the operation of the new ERMF with particular areas of focus to include:

> **Embedding of the ERMF:** Ensuring that the various components of the new ERMF are effectively embedded throughout the Group such that they are operating as a normal part of day-to-day activity, with an appropriate risk response being adopted where required to address any risk management issues identified; and

> **Reinforcing accountability:** Ensuring that employees are undertaking their designated role(s) under the ERMF and that the Group's performance management process incorporates an appropriate assessment of employees' performance of their risk management responsibilities, with risk-adjustments made to remuneration where appropriate. This will also assist senior management to meet their obligations under the SMCR regime.

Michael Heaney
Interim Chairman
Risk Committee
10 March 2020

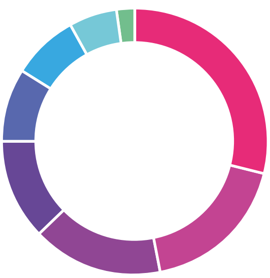
Report of the Remuneration Committee

Lorraine Trainer
Chairman, Remuneration Committee

Committee members	Meetings attended[1]
Lorraine Trainer[2]	4/4
Angela Knight	4/4
David Shalders[3]	3/3
Edmund Ng[4]	3/4
Michael Heaney	4/4
Stephen Pull[5]	2/2

1 In addition to the four scheduled meetings, two further meetings were held at short notice, in February and July. All members were able to attend these additional meetings except Edmund Ng who was unable to attend in February due to the late notice and different time zones.
2 Lorraine Trainer became Chairman of the Remuneration Committee following the AGM on 15 May 2019.
3 David Shalders retired from the Board on 30 October 2019 and attended all meetings prior to that date.
4 Edmund Ng was unable to attend the January meeting due to an urgent medical appointment.
5 Stephen Pull retired from the Board on 15 May 2019 and attended all meetings prior to that date.

How the Committee spent its time during the year in scheduled meetings (%)



Executive Director remuneration	29%
Policy and compliance	18%
Remuneration reporting	16%
Senior management remuneration	12%
Routine matters	9%
Corporate governance	8%
Wider workforce remuneration	6%
Executive incentive schemes	2%

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

Dear fellow Shareholder,

On behalf of the Board, I am pleased to present my first Directors' Remuneration Report ('DRR') as Chairman, having been appointed following the 2019 AGM. I would like to thank my predecessor, Stephen Pull, for his support during his handover to me.

This report comprises:

> the Chairman's statement;
> a new 'Remuneration at a Glance' section, summarising the policy and its application in 2019 and planned for 2020; and
> the Annual Report on Remuneration.

Introduction
During late 2018 and early 2019, I was pleased to be able to accompany Stephen Pull whilst he consulted extensively on our new Directors' Remuneration Policy and, on behalf of the Committee, I would like to thank those shareholders and proxy advisory bodies who engaged with us and provided constructive feedback. The resolution proposing the new policy received support from 96% of our shareholders and that proposing the 2018 Annual Report on Remuneration received support from almost 99% of them.

In implementing the policy during 2019 the Committee gave very careful consideration to the establishment of appropriate targets for the variable incentive arrangements and I have included more detail below on the approach we have taken to that in order to drive performance and support the alignment of shareholder and management experience.

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

> working with management to formalise and approve transparent policies on remuneration for the Company's employees, that support the Company's long term strategic goals and are aligned to its culture;
> reviewing remuneration policies to ensure compliance with corporate governance and regulatory requirements;
> ensuring implementation of the Company's remuneration policies is subject to review;
> considering relationships between incentives and risk to ensure that risk management and appetite are properly considered in setting and implementing the remuneration policy;
> reviewing wider workforce pay and considering the mechanisms for explaining to the workforce how executive pay and any related policies are aligned with remuneration for the wider workforce;
> keeping under review the Company's gender and ethnic pay gaps and overseeing the implementation of actions identified as being required;
> ensuring Executive Director remuneration is in line with the most recent Directors' Remuneration Policy and that wider workforce pay has been considered when setting executive pay;
> setting appropriately challenging incentive targets for the Executive Directors;
> ensuring risk management events are reflected in remuneration outcomes;
> 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.

We have also spent some time considering the remuneration of the Executive Directors in the context of both the UK-listed environment and our principal competitors who are listed overseas but operate and compete in the same geographies as TP ICAP plc. This review highlighted the potential for much higher incentive opportunities in those overseas-listed competitors than is the norm in the UK. The Committee acknowledged the potential risk of being unable to offer competitive remuneration packages, relative to our direct competitors, and the impact this may have on retention and attraction of talent in future. This is an area the Committee will consider further during 2020 and we anticipate that we will wish to discuss our conclusions with our major shareholders.

I have also provided further details of our continued engagement with stakeholders, including both shareholders and employees.

Key Remuneration Committee activities in 2019

The Committee's focus areas this year were:

> finalising the consultation with shareholders on the new Directors' Remuneration Policy and submitting it for approval at the AGM;
> assessing the 2018 performance of the Executive Directors against the financial and their personal non-financial metrics;
> determining the financial metrics used to assess 70% of the Executive Directors' 2019 Bonus and the EPS CAGR range for the LTIP award made in June 2019;
> setting specific 2019 Strategic Performance Objectives for each of the Executive Directors in order to assess 30% of their 2019 Bonus;
> establishing the 2019 Deferred Bonus Plan for Senior Management;
> benchmarking the remuneration of the Executive Directors;
> reviewing the risk-adjusted reward procedures to ensure conduct and culture are considered in all reward decisions;
> reviewing the Company's FCA Remuneration Policy Statement for 2018
> discussing and agreeing our approach to compliance with the new UK Corporate Governance Code 2018 (the 'Code'); and
> undertaking a review of compensation below Board and senior management level.

Engagement with shareholders

As I mentioned in my introduction, extensive consultation with our largest shareholders, the shareholder representative bodies and the proxy agencies was undertaken during the process of developing our new Remuneration Policy at the end of 2018 and early in 2019. I was involved in many of those discussions ahead of my formal appointment as Chairman of the Committee and wanted to express my personal appreciation for the extent and quality of that engagement. In response to the feedback received, we made some changes to the Policy before submitting it for approval and were pleased that the AGM resolution received the support of a very substantial majority of our shareholders.

During 2019, the Committee has also made some changes to its approach to ensure that we continue to be compliant with the new remuneration provisions introduced as part of the Code, effective for financial years from 1 January 2019 onwards. You will see this in the following paragraphs as well as in our new 'Remuneration at a Glance' section on page 85.

The alignment of executive remuneration with wider company pay policy

The employees of TP ICAP are critical to its long-term success and the Remuneration Committee is responsible for developing and maintaining formal and transparent policies on remuneration for the Company's employees.

Our philosophy on remuneration, that applies to all employees:

> We seek to attract and retain high performing and motivated employees and remunerate them with a competitive base salary.
> We align reward with the delivery of the Group's business strategy, values, key priorities and long term goals.
> We reward behaviours that both create sustainable results in line with our core values of honesty, integrity, respect and excellence and do not encourage excessive risk taking and are in line with our current risk conduct framework.
> We align remuneration with the principle of protection of customers and the prevention of conflicts of interest.
> We deliver some elements of compensation as shares in the Company to align senior employee, Executive and shareholder interests.
> We provide standard benefits that apply across all employee groups.

During the year, the Committee reviewed wider employee pay structures. Also, following feedback received from employees, the introduction of an all-employee share scheme, in order to encourage and support wider share ownership across the employee population, is actively being considered. This would initially be made available for all UK employees but the mechanism for making a similar scheme available internationally is being investigated.

The Committee also received very useful feedback on the subject of wider workforce pay from the discussions undertaken by the three Non-executive Directors designated to engage directly with the workforce on the Board's behalf. All three of the directors, myself, Edmund Ng and Michael Heaney, responsible for EMEA, Asia Pacific and the Americas, respectively, are members of the Remuneration Committee. The engagement, covered in more detail in the Governance report, has provided valuable insights and, whilst most of the concerns raised have been associated with softer issues, such as career development and training, it has been helpful to understand some employees' views on their own remuneration.

Report of the Remuneration Committee continued

Strategic Rationale: the link between strategic priorities and incentive metrics
The performance measures in the variable incentive arrangements for 2019 were chosen because they support delivery of the strategy and are critical to the Key Performance Indicators ensuring a transparent link between business performance and remuneration as shown in the chart below.

Strategic Pillars

- Electronification and technology
- Liquidity aggregation
- Diversification
- People, conduct and compliance

Key Performance Indicators

- Revenue Growth
- Underlying Operating Profit Margin
- Contribution (at constant exchange rates)
- Underlying earnings per share ('EPS')
- Ratio of front office to support function employees

Annual Bonus

Measure	Link to Strategy	Link to KPIs
Underlying Operating Profit (£m)	> Key measure of profitability > Driven by revenue growth and operational excellence	✓
Return on Equity (%)	> Key measure of shareholder value	✓
Strategic Performance	> Each Director has a range of stretching personal objectives linked to delivery of the strategic pillars	✓

Long-term Incentive Plan ('LTIP')

Measure	Link to Strategy	Link to KPIs
Relative TSR	> Focus on outperformance of the market > Aligns with shareholder experience	✓
EPS (Compound Annual Growth Rate)	> Key measure of shareholder value	✓

How the performance ranges were established for the variable incentives

Annual Bonus

When the Committee considered the establishment of stretching target ranges for the financial metrics in the annual bonus, it anticipated that 2019 would be a challenging year with the completion of the integration being one of the key priorities and continued uncertainty in the external market, not least because of Brexit. It wanted to set challenging targets that would serve to motivate and incentivise the newly appointed management team as it undertook the continued transformation of the business.

Underlying operating profit ('UOP') accounts for 50% of the bonus outcome. The Committee considered that a target ahead of the UOP achieved in 2018, of £276m, would be inappropriately demanding as, at the beginning of the year, the prospect of delivering at that level was considered extremely remote. However, it also felt that it was important that external expectations for performance were reflected in the targets and, consequently, set the UOP at which on-target bonus would be paid at the then level of market consensus of £260m. Maximum payout would only be achieved if the prior year was exceeded, by delivering at least £280m of UOP, and the threshold was set at £240m.

Underlying operating profit is one of the most important drivers of performance in Return on Equity ('RoE'), which accounts for 20% of the overall bonus outcome. The target ranges for RoE were set by reference to those established for UOP. The RoE range is from 8.9%, the threshold below which no bonus is paid, 9.7% at target, up to 10.6% for maximum pay-out under this element of the bonus.

LTIP

The Committee has undertaken its annual review of the metrics and ranges for the LTIP ahead of the grant to be made in March 2020. In order to optimise alignment both to shareholder experience and the strategic focus of the business, a new measure of "New Business Growth" is being introduced with a 20% weighting. Consequently, the weighting attributed to EPS will be reduced to 30%, from its current weighting of 50%. Relative TSR will be unchanged at 50% of the total. New Business Growth is defined as the growth in underlying operating profit of the sum of Energy & Commodities, Institutional Services and Data & Analytics. Analyst market valuations and investor and broker feedback have shown that our non-Global Broking businesses are valued on a higher multiple basis, based on higher growth and also for our Data & Analytics division the recurring revenue nature of long-term subscription contracts.

Diversifying earnings by increasing the growth outside Global Broking is a key part of our strategy to drive value to shareholders and as such is the core rationale behind this metric.

The threshold growth rate for New Business Growth has been set at 10% p.a rising to 16% p.a for maximum vesting on this metric. The Committee considered these targets to represent stretching levels of performance which, if delivered, would result in significant shareholder value.

Details of the targets for Relative TSR, EPS and New Business Growth are shown on page 98.

Performance and reward outcomes for 2019

Annual bonus

In a mixed environment, TP ICAP delivered improved underlying and reported profitability in 2019.

Against the background of an uncertain market, the Committee was very pleased with the excellent performance of the executives during 2019. The delivery of UOP of £279m and RoE of 10.4% resulted in 66.5%, out of a possible maximum of 70%, being achieved on the financial metrics. The Committee very carefully considered whether it would be appropriate to exercise its discretion to adjust the formulaic outcome. It concluded that the results were aligned with shareholder experience and fairly represented the excellent performance of the executives, having significantly out-performed the consensus at the time the targets were set.

During the year, the Executive Directors successfully completed the three-year ICAP integration, generating £80m of synergies. Revenue diversification has increased through continuous growth in the non-broking businesses and a new executive governance model has been implemented to streamline revenue generation and fortify other internal processes. Detailed medium-term strategic priorities have been developed focussing on aggregation, electronification and diversification.

Consequently, the Committee determined that the Executive Directors' performances against their strategic and personal objectives merited a range of outcomes, from 24% to 27.5%, out of a possible maximum of 30%, as set out in detail in the tables on pages 88 to 91.

LTIP

As reported last year, the Executive Directors were granted awards under the new LTIP in 2019 and the awards they had held in the Transformation Long-Term Incentive Plan ('T-LTIP') were simultaneously forfeited. Consequently, there is no LTIP vesting in the year. The performance period for the 2019 LTIP award ends on 31 December 2021, with a subsequent two-year post-vesting holding period, and will be reflected in the Single Figure Table in the 2021 Report.

Report of the Remuneration Committee continued

Salary

The salaries of the Executive Directors have not been reviewed since their appointments in 2018. Given the strong performance of all three executives in 2019, the Committee has approved increases in their salaries to account for inflation and which are in line with the salary budget of 3%, for 2020. Details of the salaries for each Director effective from 1 January 2020 are shown on page 88.

It is important to state that the Company's pension provision is capped at 6% of a maximum fixed remuneration of £105,600 and no cash alternative, instead of a pension contribution, is available to those individuals who exceed the annual or lifetime allowances. This means that the Executive Directors receive minimal or no company pension contributions, unlike many of their peers in other FTSE250 companies, and the Committee took this into consideration when reviewing benchmark data.

In determining whether the total remuneration earned by the Executive Directors in 2019 was appropriate, the Committee took account of the following:

> salary budgets which were set at 3%;
> the total bonus pool for all bonus-eligible employees; and
> independent benchmarking of total remuneration of equivalent roles in similar organisations. The limited public data available on the remuneration of executives in TP ICAP's direct competitors shows that their executives have substantially higher incentive opportunities than those available at TP ICAP. The Committee also reviewed benchmark data for relevant UK-listed peer groups including the FTSE250 and a sub-group of FTSE250 Financial Services companies.

Committee effectiveness

An independent external consultant undertook a full year evaluation of the operation and effectiveness of the Committee during 2019, as part of the wider Board evaluation. Details of the outcome are provided in the Corporate Governance Report.

Conclusions

The Committee has been focussed in 2019 on the effective implementation of the newly approved Directors' Remuneration Policy with particular consideration being given to the establishment of appropriate performance targets for the variable incentive arrangements. We have also spent more time, especially in the second half, considering remuneration arrangements in the wider workforce and this will be an area of continued focus in 2020.

As set out earlier in my letter, we also intend to consider how best to address the attraction and retention concerns we have identified, as a result of the higher reward opportunities in our direct competitors, and will consult with shareholders in the event that any changes to the Remuneration Policy are considered necessary.

I hope that you find the information in this letter and in the new 'Remuneration at a Glance' section that follows to be helpful and I would welcome any feedback you may have. I look forward to seeing you at our AGM and hope that you will support the resolution for the Directors' Remuneration Report 2019.

Lorraine Trainer
Chairman
Remuneration Committee
10 March 2020

Governance

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 Remuneration at a Glance section 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 and the Global Head of Operations.

'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.

Remuneration at a Glance

Key drivers of our Executive Remuneration Policy

The 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 and I can confirm that it operated broadly as intended.

As a reminder, the key drivers of our Policy are:

Drivers	Remuneration Policy	How delivered?
Alignment to culture	Aligns the interests of the Executive Directors with the long-term interests of shareholders and strategic objectives of the Group and requires material share ownership to be built up over time Incentives that support the Group's business strategy and align executives to the creation of long-term shareholder value Reinforces a strong performance culture, across a range of performance metrics, including behaviours, risk management, customer outcomes and the development of the Group's culture in line with its values	Non-financial objectives account for 30% of the annual bonus and include delivery of the strategic priorities and embedding the appropriate culture. Half of the bonus is deferred into shares with a three year vesting period. Shares that vest under the LTIP are subject to a subsequent two year holding period. Executive Directors are required to build up shares in TP ICAP plc and retain them after leaving for a period of two years.
Clarity	Clear communication of our Remuneration Policy and reward outcomes to stakeholders	Complex reward structures are avoided and there is a clear link between the strategy, KPIs and short and long term incentive metrics so that the link between business performance and reward outcomes is transparent.
Simplicity	Ensuring that our Remuneration Policy is clear and easily understood	
Risk	Provides a balanced package between fixed and variable pay, and long and short-term elements; and Ensuring reward processes and policies are compliant with applicable regulations, legislation and market practice, and are operated within the bounds of the Board's risk appetite.	The non-financial component of the bonus includes a specific risk management objective. The Remuneration Committee specifically reviews risk issues before determining the total bonus pool and individual incentive awards. The Committee Chairman meets with Control Function heads in January to consider any events that may require a reward adjustment.
Predictability	Setting robust and stretching performance targets which reward exceptional performance; and Setting remuneration within the limits established under the Directors' Remuneration Policy	Incentive targets are set by reference to budgets and strategic plans as well as external forecasts, including consensus.
Proportionality	Attract, retain and motivate the Executive Directors and senior employees by providing total reward opportunities which, subject to individual and Group performance, are competitive within our defined markets Ensures that remuneration practices are consistent with and encourage the principles of equality, inclusion and diversity Wider employee pay is considered when determining that of our Executive Directors; and Management and shareholder interests are aligned	The Committee has discretion to make downward adjustments to the amount of bonus earned or LTIP vesting if it considers the outcomes are not a fair reflection of the overall business performance. The Committee considers internal and external data when setting remuneration for the Executive Directors. The non-financial component of the bonus includes an objective to promote Diversity and Inclusion.

Report of the Remuneration Committee continued

Remuneration Policy Summary Table

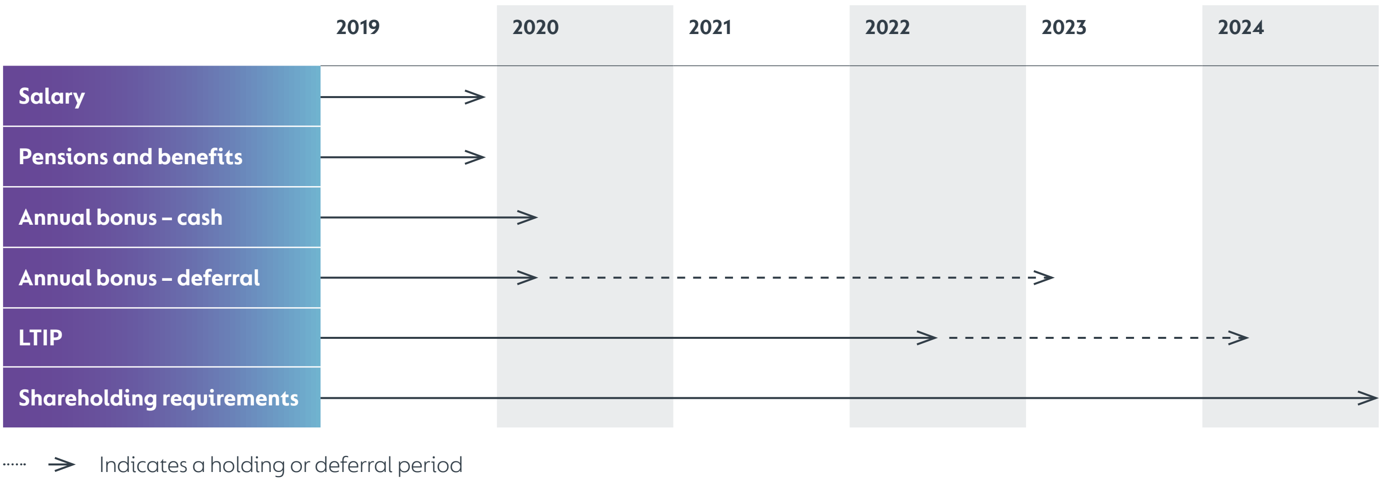
	Purpose & link to strategy	Key features	Implementation in 2019	Implementation in 2020
Salary	Reflects the scope of individual responsibilities to attract and retain high calibre employees.	Reviewed periodically to ensure not significantly out of line with the market.	No change on 2018: N Breteau £650,000 R Stewart £425,000 P Price £425,000 (Page 87)	Increases in line with salary budget: N Breteau £670,000 R Stewart £432,500 P Price £437,500 (Page 88)
Pension & benefits	Provide basic pension provision and benefits in line with other UK-based employees.	In line with the pension allowance available to the wider UK employee population: currently 6% of fixed remuneration up to a cap of £105,600. Medical cover and participation in any schemes available to all UK employees.	N Breteau and R Stewart received pension contributions of £3k and £9k in 2019. P Price exceeds the Life Time Allowance and did not receive any company pension contribution (Page 87)	No change on 2019
Annual bonus	Incentivises delivery of TP ICAP's financial and strategic targets. Provides a direct link between the achievement of annual performance targets and reward.	Annual assessment of performance against strategic and financial objectives On-target performance delivers: > CEO: 125% salary > Other EDs: 100% salary Maximum performance delivers: > CEO: 250% salary > Other EDs: 200% salary Mandatory 50% deferral into shares with a three-year deferral period Malus and clawback apply	Performance measures and weightings: Underlying Operating Profit 50% Return on Equity 20% Strategic Performance 30% (Pages 88 to 91)	No change on 2019

	Purpose & link to strategy	Key features	Implementation in 2019	Implementation in 2020
Long-term incentive plan	> Align Directors' interests with shareholders by focusing on mid to longer-term shareholder returns	Annual awards of conditional shares vesting after three years, subject to performance conditions Subsequent two-year holding period (except for any sale to settle tax liability) Maximum: 250% salary Malus and clawback apply	Performance measures, equally weighted: > EPS CAGR > Relative TSR > Threshold performance delivers 20% pay-out with 100% pay-out only achieved for delivery of stretching maximum targets	Performance measures and weightings: > EPS CAGR (30%) > Relative TSR (50%) > New Business Growth (20%) > Threshold performance delivers 20% pay-out with 100% pay-out only achieved for delivery of stretching maximum targets
Shareholding requirements	> Align Directors' interests with shareholders by focusing on longer-term shareholder returns, including after cessation of employment.	Share ownership requirements: > CEO: 300% salary > Other EDs: 200% salary 5 year period to achieve the requirement Post-employment: shares at a level equal to: > the lesser of 2x base salary or the actual shareholding in year one, and > the lesser of 1x base salary or the actual shareholding in year two	Shareholdings as at 31 December 2019: > N Breteau 252,193 > R Stewart 105,074 > P Price 147,468 (Page 93)	No change on 2019

The full detail of the Executive Directors' Remuneration Policy, approved in May 2019, can be viewed at www.tpicap.com

Performance/retention periods

TP ICAP plc's incentive arrangements are designed to ensure good alignment with shareholder experience over the long-term.



Report of the Remuneration Committee continued

Malus/Clawback Provisions

Incentive	How Malus and/or Clawback can be applied
Bonus and LTIP	Malus and clawback provisions apply to the whole annual bonus and the LTIP which enables the Committee to recoup pay-outs under the Plan either by reducing or cancelling any unvested deferred awards or reclaiming amounts paid. The circumstances where it may apply include: > a material or adverse misstatement of performance 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. In addition, the Committee may make downward adjustments to the amount of bonus earned or to the LTIP outcomes if they believe that they are not a fair reflection of the overall business performance or where there has been a detrimental impact on the reputation of the business.

Illustration of the application of the Remuneration Policy (unaudited)

Total remuneration for each Executive Director for a minimum, target, maximum and maximum plus 50% share price growth is presented in the charts below.

Illustration of the application of the Director's Remuneration Policy – CEO

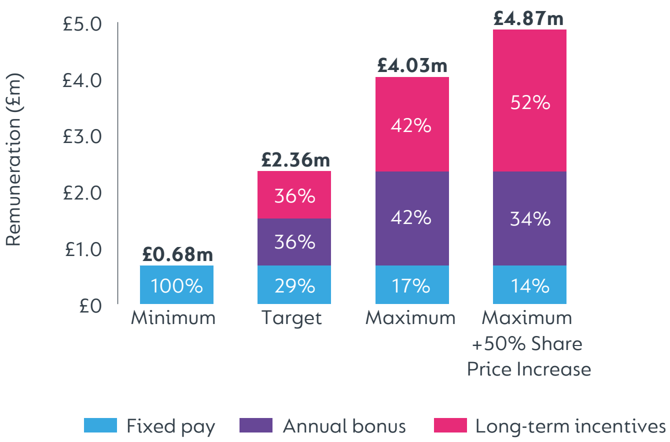


Illustration of the application of the Director's Remuneration Policy – CFO

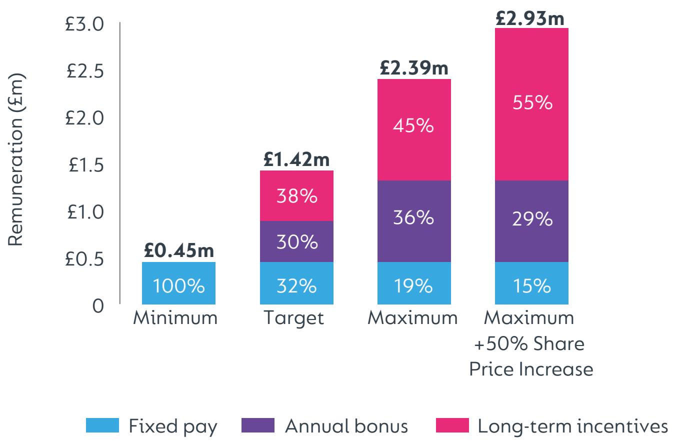
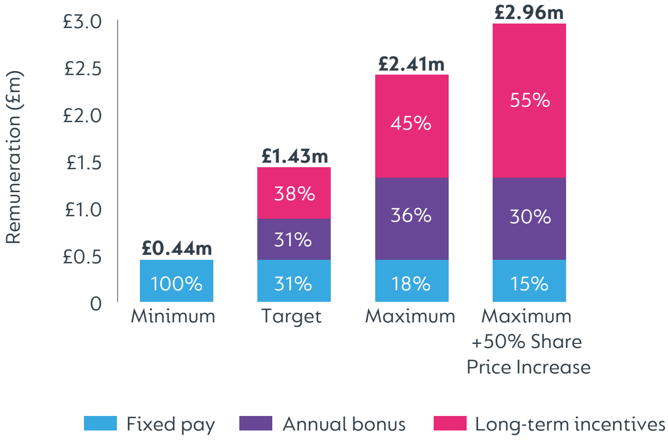


Illustration of the application of the Director's Remuneration Policy – GGC



Annual Report on Remuneration (audited)

The Annual Statement made by the Remuneration Committee Chairman on pages 78 to 87 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report on pages 87 to 99 is audited except where stated.

The single total remuneration for the Executive Directors who held office during the year-ended 31 December 2019 was as follows:

	Executive Directors					
	Nicolas Breteau[1]		Robin Stewart[1]		Philip Price[2]	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Salary	650	312	425	204	425	140
Taxable benefits[3]	3	1	3	1	3	1
Pension	3	2	9	3	–	–
Total fixed remuneration	656	315	437	208	428	141
Short-term variable[4]	1,528	442	769	227	795	152
Long term variable	–	–	–	–	–	–
Amount vested	–	–	–	–	–	–
Amount due to share price appreciation	–	–	–	–	–	–
Total variable remuneration	1,528	442	769	227	795	152
Total	2,184	757	1,206	435	1,223	293

1. Both Nicolas Breteau and Robin Stewart were appointed to the Board on 10 July 2018; remuneration for 2018 has been pro-rated accordingly.
2. Appointed to the Board on 3 September 2018; remuneration for 2018 has been pro-rated accordingly.
3. Taxable benefits represent private medical insurance.
4. 50% of the short-term variable pay is subject to deferral in ordinary shares.

Report of the Remuneration Committee continued

The single total remuneration for each of the Non-executive Directors who held office during the year-ended 31 December 2019 was as follows:

	Fees		Benefits		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Richard Berliand[1]	**285**	–	**–**	–	**285**	–
Angela Knight	**102**	90	**–**	–	**102**	90
Roger Perkin	**93**	90	**–**	–	**93**	90
Michael Heaney[2]	**138**	121	**–**	–	**138**	121
Edmund Ng	**135**	125	**–**	–	**135**	125
Lorraine Trainer[3]	**98**	40	**–**	–	**98**	40
Rupert Robson[4]	**94**	250	**–**	–	**94**	250
Stephen Pull[4]	**31**	80	**–**	–	**31**	80
David Shalders[5]	**85**	80	**–**	–	**85**	80

1. The remuneration figure of £285k comprises £235k in respect of Richard Berliand's annual Chairmanship fees pro-rated for the year from his date of appointment and £50k (excl. VAT) consultancy fees paid to his services company, Richard Berliand Limited. The consultancy fees were paid in respect of services provided between 22 January to 18 March 2019 prior to but in anticipation of his appointment, which are treated as remuneration for qualifying services and accordingly disclosed as part of his remuneration total.
2. Appointed 15 January 2018.
3. Appointed 1 July 2018.
4. Retired from the Board on 15 May 2019.
5. Retired from the Board on 30 October 2019.

Fixed remuneration (audited)

For 2020, the Executive Directors' base salaries have been reviewed and modest increases applied, in line with the employee budget.

Executive	Date of Appointment	Base salary effective from 1 January 2019	Base salary effective from 1 January 2020
Nicolas Breteau	10 July 2018	£650,000	£670,000
Robin Stewart	10 July 2018	£425,000	£432,500
Philip Price	3 September 2018	£425,000	£437,500

2019 annual bonus (audited)

For 2019, the annual bonus was based 70% on financial performance and 30% on strategic performance, with a maximum opportunity of 2.5x base salary for the CEO and 2x base salary for the CFO/GGC. Details of the 2019 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	Weighted payout (% of maximum total bonus)
Underlying operating profit	50%	£240m	£260m	£280m	£279m	48.7%
Return on Equity	20%	8.9%	9.7%	10.6 %	10.4%	17.8%
Total for financial metrics						**66.5%**

Details of the 2019 strategic objectives for each Executive Director, along with the corresponding performance assessment, are set out in the following tables:

Nicolas Breteau

CEO Strategic Objectives	Weighting[1]	Score	Assessment of performance
Develop the medium-term Group strategy in the context of technological innovation. Complete work on re-branding, harmonising this with medium-term strategic aims. Achieve effective communication on this topic with shareholders	7%	6.5%	A very thorough and comprehensive process has been undertaken and will be finalised in Q1 2020 ahead of the planned launch in Q2.
Oversee the completion of the integration plan to deliver the stated £75m run-rate savings. Drive optimisation of business processes	4%	4%	Completed and exceeded the target savings delivering £80m.
Restructure the Executive Management Team and overall governance model for TP ICAP including making appropriate senior leadership changes to drive the business forward and fostering the partnership between support function and business leads	3%	3%	A smaller Executive Management Team, with a significant number of senior leadership changes and new governance model, is operating effectively to deliver results.
Develop and maintain constructive and positive relationships and dialogue with regulatory bodies	3%	2%	Further progress during 2019, especially with the lead regulator, the FCA.
Drive the delivery of the TP ICAP Risk Management Framework	4%	4%	Excellent progress in the year on the design and roll-out of the framework, allowing the gradual softening of capital requirements.
Drive and continue to embed the right culture for TP ICAP with a focus on improving overall employee morale and engagement	4%	3%	Role model for the right culture and very effective advocate through extensive engagement with employees globally.
Remuneration Committee Discretion	5%	5%	A strong first full year in role with good financial results delivered whilst substantial progress has also been made on the development of the future strategy, embedding the appropriate culture and ensuring effective risk management.
Total for strategic metrics	**30%**	**27.5%**	

1 Expressed in percentage points summing to 30% in total. 30% being the proportion of the total bonus determined by reference to non-financial metrics.

Report of the Remuneration Committee continued

Robin Stewart

CFO Strategic Objectives	Weighting[1]	Score	Assessment of performance
Increase the Group's RCF and refinance the £80m retail bond that matures in June 2019	4%	4%	This objective was fully achieved with the RCF being increased (by £20m) and the bond issue significantly over-subscribed.
Deepen and strengthen the overall finance function. Oversee the development of a robust cost management and expense control framework whilst ensuring the maximisation of impact of the Belfast opportunity	4%	3%	Senior hires in the core Finance and Investor Relations teams strengthened the function by year-end; work underway on better cost management analysis to be finalised in early 2020.
Guide, in line with the Board's agreed line in this matter, the 2019 consensus. Engage with analysts to ensure an orderly approach to understanding the TP ICAP results for half and full year	4%	4%	This has been well-managed during a period of transition in the Investor Relations team and eight sell-side analysts now cover TP ICAP.
Contribute to the simplification of the Group's legal entity structure to optimise the regulatory capital resources whilst remaining alive to any countervailing considerations	3%	2%	This project is progressing well and is on track for completion, under budget, in 2020.
Develop relationships with key investors and analysts to ensure TP ICAP's strategy over the short, mid and longer term is clearly articulated, subject to the Board's agreed line on mid and longer term strategy	4%	3%	Multiple investor meetings have contributed to the re-building of trust and confidence.
Support the SREP programme and hold self and team accountable for understanding and delivering within the Enterprise Risk Management Framework	3%	2%	Major finance initiatives for Risk 2.0 are on track.
Drive and continue to embed the right culture for TP ICAP with a focus on improving overall employee morale and engagement	3%	3%	Actively role modelled and advocated the appropriate behaviours and culture.
Remuneration Committee Discretion	5%	3%	Another good year. Importantly the function has been strengthened and talent bench deepened. Although this took longer than anticipated, it is well positioned for the future.
Total for strategic metrics	**30%**	**24%**	

1 Expressed in percentage points summing to 30% in total, 30% being the proportion of the total bonus determined by reference to non-financial metrics.

Philip Price

GGC Strategic Objectives	Weighting[1]	Score	Assessment of performance
Complete the roll-out of and validate the new governance framework to deliver appropriate operational standards	3%	3%	FCA validation of UK regulated entities structure.
Develop the Legal and Compliance function into a "best in class" operation	2%	1%	Excellent progress in both Compliance and Risk with appropriate senior hires where skill gaps identified.
Develop and maintain constructive and positive relationships and dialogue with regulatory bodies	3%	3%	Improved relationships by increasing transparency and improving the quality of communication, especially with the lead regulator, the FCA.
Lead the response to the FCA's SREP requirements	6%	6%	Delivery of a successful Enterprise Wide Risk Management Framework Target Operating Model to FCA and EY to address concerns arising from SREP resulting in the reduction by the FCA of the currently applicable risk and governance scalars to TP ICAP's regulated entities' Individual Capital Guidance.
Provision of appropriate, risk-based and proportionate advice to the Board on legal and regulatory requirements	4%	4%	Trusted advisor providing accurate, timely and comprehensive advice.
Undertake the lead role on SMCR – ensure TP ICAP is ready and compliant with requirements	4%	3%	Successfully implemented and further work underway to ensure effectively embedded.
Drive and continue to embed the right culture for TP ICAP with a focus on improving overall employee morale and engagement	3%	3%	A leading advocate for driving the right behaviour and cultural change.
Remuneration Committee Discretion	5%	4%	An excellent year in working to build strong regulatory relationships and close out many outstanding issues. Continued to strengthen the Risk and Compliance departments across the firm. The priority for 2020 is embedding this further throughout the organisation.
Total for strategic metrics	**30%**	**27%**	

1 Expressed in percentage points summing to 30% in total, 30% being the proportion of the total bonus determined by reference to non-financial metrics.

Total annual bonus outcome for 2019 performance

The total bonus for each Executive Director for the year to 31 December 2019 is therefore as follows (audited):

Measure	Weighting	CEO bonus (% Max bonus)	CFO bonus (% Max bonus)	GGC bonus (% Max bonus)
Underlying Operating Profit	50%	48.7%	48.7%	48.7%
Return on Equity	20%	17.8%	17.8%	17.8%
Strategic Performance	30%	27.5%	24.0%	27.0%
Total bonus:	**100%**	**94.0%**	**90.5%**	**93.5%**

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

Report of the Remuneration Committee continued

Long-term incentives

Transformation LTIP Units awarded in 2017 (audited)

Awards were originally granted, to the former Executive Directors, 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 was £60 million. The current Executive Directors were awarded units under the T-LTIP prior to their appointment. These awards were relinquished following the 2019 grant under the new LTIP, as a condition of their participation in it, as set out in the Directors' Remuneration Policy.

Executive Director	Nature of award	Number of units awarded	Threshold value (25% vesting)	Target value (50% vesting)	Maximum value (capped value at vesting)	Units Forfeited	Maximum Remaining Units	End of performance period
Nicolas Breteau	Units	8,200	£1.23m	£2.46m	£4.92m	8,200	0	31 December 2019
Robin Stewart	Units	5,700	£815,000	£1.71m	£3.42m	5,700	0	31 December 2019
Philip Price	Units	4,755	£713,000	£1.43m	£2.85m	4,755	0	31 December 2019

The performance conditions for the T-LTIP 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[2]	75%	8% p.a.	11% p.a.	14% p.a.
Underlying EPS[3]	25%	48p	54p	60p

1 Straight-line interpolation applies in between levels. None of the award vests if performance does not reach threshold.
2 End TSR is based on the average during the first quarter of 2020.
3 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, such that one third of shares must be held for one year, one third for two years and one third for three years from the date of grant. 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.

Long Term Incentive Plan (LTIP) (audited)

Conditional Share Awards under the LTIP – subject to performance conditions and retention period

On 26 June 2019, conditional share awards under the LTIP were granted to the Executive Directors. The three year period over which performance will be measured is 1 January 2019 to 31 December 2021. The performance measures are EPS growth and relative TSR, equally weighted. 20% will vest at threshold with straight line vesting up to 100% at maximum. Compound annual growth ('CAGR') in EPS of 3% p.a. is required for threshold vesting rising to 10% p.a. for maximum vesting. For TSR, threshold vesting occurs where TP ICAP's TSR equals the TSR of the median company at the end of the performance period; maximum vesting occurs where TP ICAP's TSR exceeds the TSR of the comparator company at the upper quartile.

Executive Director	Date of Grant	Granted during the year[1]	Face Value £000	Face Value % salary	Vesting Date	End of Retention Period
Nicolas Breteau	26/06/19	548,042	£1,625	250%	June 2022	June 2024
Robin Stewart	26/06/19	358,335	£1,063	250%	June 2022	June 2024
Philip Price	26/06/19	358,335	£1,063	250%	June 2022	June 2024

1 The face value of the awards was converted into a number of shares using a share price of £2.9651, being the closing share price on the dealing day immediately preceding the grant date, adjusted for SDRT and commission to replicate a theoretical purchase price to the Company.

Directors' interests (audited)

The interests (all beneficial) as at 31 December 2019 in the ordinary share capital of the Company were as follows:

Director	LTIP shares[3]	Unvested shares[2]	Shares[1]
Rupert Robson[4]	-	–	59,034
Richard Berliand[5]	-	–	50,000
Nicolas Breteau	548,042	237,193	15,000
Robin Stewart	358,335	86,359	18,715
Philip Price	358,335	115,295	32,173
Angela Knight	-	–	2,150
Roger Perkin	-	–	5,000
Stephen Pull[4]	-	–	30,000
David Shalders[6]	-	–	14,016
Edmund Ng	-	–	20,000
Lorraine Trainer	-	–	10,000
Michael Heaney	-	–	40,000

1 There have been no changes to the holdings between 31 December 2019 and 10 March 2020.
2 Shares awarded under the Deferred Bonus Plan for 2016, 2017 and 2018 as appropriate. Share vesting is governed by the rules of the Plan.
3 LTIP shares are subject to performance conditions, details of which are set out in the table entitled 'Conditional Share Awards under the LTIP'
4 Retired from the Board on 15 May 2019; holding as at 15 May 2019
5 Appointed to the Board on 19 March 2019 and became Chairman on 15 May 2019.
6 Retired from the Board on 30 October 2019; holding as at 30 October 2019.

Report of the Remuneration Committee continued

Shareholding requirements (unaudited)
Executive Directors must build a holding in minimum value 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. The normal expectation is that this is built up over a maximum five-year period from appointment to the Board. 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.

Advice provided to the Remuneration Committee (unaudited)
During 2019, PricewaterhouseCoopers provided external remuneration advice to the Remuneration Committee. They advised on aspects of our Remuneration Policy and practice, including the benchmarking of directors' compensation, trends in market practice and regulatory disclosures. PricewaterhouseCoopers was appointed by the Remuneration Committee, initially in November 2018 to provide advice to the Remuneration Committee on the development of the new Directors' Remuneration Policy and was subsequently appointed as the sole advisor to the Committee. In addition, PricewaterhouseCoopers provided tax advice to the Company. PricewaterhouseCoopers is a signatory to the Remuneration Consultants Group Code of Conduct which requires it to provide objective and impartial advice.

The Remuneration Committee has satisfied itself that the advice provided is independent and objective. The fees payable for advice provided by PricewaterhouseCoopers in 2019 were £62,970 (excluding VAT). The Committee is satisfied that these fees are appropriate for the work undertaken.

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.

Remuneration Committee
Members of the Remuneration Committee during the year were: Lorraine Trainer (Chairman from 15 May 2019), Angela Knight, Edmund Ng, Michael Heaney, Stephen Pull (former Chairman, retired from the Board 15 May 2019) and David Shalders (retired from the Board 30 October 2019).

Outside directorships (unaudited)
Nicolas Breteau did not have any outside directorships from which he received any remuneration during 2019.

Robin Stewart did not have any outside directorships from which he received any remuneration during 2019.

Philip Price did not have any outside directorships from which he received any remuneration during 2019.

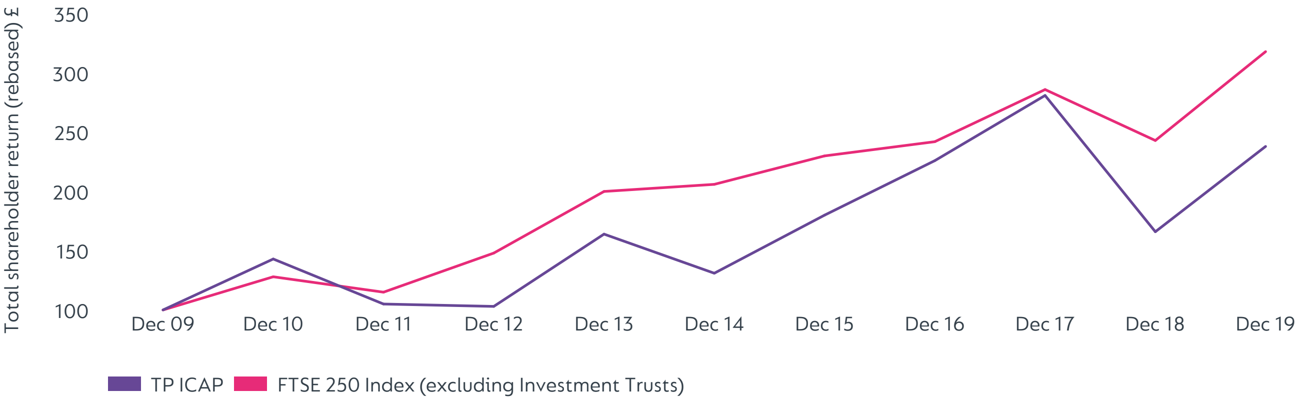
Payments for loss of office and payments to past Directors
There were no payments made for loss of office or remuneration payments made to former Executive Directors during the year.

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 ten years to 31 December 2019 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: Eikon from Refinitiv

This graph shows the value, by 31 December 2019, of £100 invested in TP ICAP on 31 December 2009, compared with the value of £100 invested in the FTSE 250 (excluding investment trusts) Index on the same date.

Report of the Remuneration Committee continued

Chief Executive Remuneration History (unaudited)

Year ended	Name	Total Remuneration £000	Annual bonus % of max payout	LTI % of max vesting
31 December 2019	Nicolas Breteau	2,184	94.0%	0%
31 December 2018	Nicolas Breteau[1]	757	56.6%	0%
	John Phizackerley[2]	325	0%	0%
31 December 2017	John Phizackerley	1,666[6]	88%	62%[6]
31 December 2016	John Phizackerley	3,381	94%	74%
31 December 2015	John Phizackerley	2,250	80%	N/A
31 December 2014	John Phizackerley[3]	720	N/A	N/A
	Terry Smith[4]	433	N/A	–
31 December 2013	Terry Smith	2,856	51%	–
31 December 2012	Terry Smith[5]	3,153	N/A	–
31 December 2011	Terry Smith[5]	4,929	N/A	45%
31 December 2010	Terry Smith[5]	4,344	N/A	–

1 For the 6 month period from 10 July 2018. Percentage represents the overall percentage score achieved on individual performance targets.
2 Total Remuneration includes base salary received through to termination date of 9 July 2018.
3 For the 4 month period from 1 September 2014.
4 For the 8 month period from 1 January 2014 – 31 August 2014.
5 Variable remuneration was uncapped in the years 2009-2012.
6 2017 reflects the final LTIS paid out in 2018 relating to 2017 reduced by the forfeiture of deferred bonus relating to 2017.

Change in Chief Executive Remuneration (unaudited)

	% change Salary	% change Benefits	% change in annualised bonus payment
Chief Executive Officer[1]	2%	21%	65%
Senior Management[2]	5%	10%	3%

1 This table shows the change of the CEO's fixed and variable remuneration compared on a like for like basis to Senior Management employed throughout 2018 and 2019. The percentage changes take into account the sum of the salary and benefits (including pension) received by both the former and current CEO's for 2018 and the current CEO only for 2019. The former CEO did not receive a bonus in 2018.
2 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 CEO's remuneration with that of Senior Management would accordingly be more meaningful than comparison with all employees.
3 Year on year benefit change is high as the current CEO participates in the defined contribution Company pension scheme and the former CEO did not participate.

Chief Executive Pay Ratio (unaudited)

The table below compares the 2019 single total figure of remuneration for the CEO with that of the Group's UK employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th Percentile (upper quartile).

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	A	38:1	20:1	9:1

The Committee chose to use Option A to calculate the ratio as the data was available and it considered that approach to be the most accurate. The employee data was taken as at 31 December 2019; employee means anyone employed under a contract of service. A full-time equivalent total was created for part-time employees and the remuneration of employees hired during the year was annualised. The resulting list was then ranked to identify the individuals at the 25th, 50th and 75th percentiles compared to whom the ratios were calculated. The table below sets out the salary and total pay and benefits for the three identified quartile point employees.

	25th percentile	50th percentile	75th percentile
Salary	£55,000	£51,667	£95,000
Total pay and benefits	£57,064	£109,716	£230,554

As this is the first year in which the ratio has been published, the Committee considered that it was too early to draw much insight from it but noted that the ratio was lower than it may be in future years as the CEO's pay does not include any LTIP vesting in the year.

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	2019	2018	% change
Employee remuneration[1]	**1,152**	1,120	3
Shareholder dividends paid[2]	**94**	94	–

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

Voting at the 2019 AGM (unaudited)

At the AGM held on 15 May 2019 the following votes were cast in respect of the Report on Directors' Remuneration and the Directors' Remuneration Policy:

	For[1,2]		Against[1]		Votes withheld[1]
	Number	%	Number	%	Number
Approval of the Directors' Remuneration Report	497,072,044	98.95	5,255,105	1.05	432,272
Approval of the Directors' Remuneration Policy	483,902,686	96.33	18,425,092	3.67	431,643

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.

Report of the Remuneration Committee continued

2020 AGM (unaudited)

Copies of the Executive Directors' employment contracts 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 2020 AGM. Executive Directors have rolling contracts which may be terminated by either the Company or the Director giving 12 months' notice. Details of the contractual arrangements for the Non-executive Directors are set out in the Directors' Remuneration Policy, available on the Company's website.

Implementation of Remuneration Policy in 2020 (unaudited)

Executive Directors

The Executive Directors' salaries have been increased in line with the all-employee budget as disclosed on page 88.

The annual bonus will continue to be based on the existing scorecard of financial and strategic performance targets aligned to the business strategy, conduct and risk KPIs, with no change to the maximum bonus opportunities of 2.5x base salary and 2x base salary for the Chief Executive Officer and CFO/GGC respectively. The split between financial and strategic performance targets will, for 2020, be 70% financial targets and 30% strategic targets. Details of targets will be disclosed retrospectively in the next Directors' Remuneration Report. 50% of the total bonus awarded will be deferred into shares vesting after three years.

For the LTIP grant to be made in March 2020, the following performance conditions will apply:

EPS – 30%

EPS growth (CAGR)	Vesting (% of max)
Less than 3% p.a.	0%
3% p.a.	20%
10%+ p.a.	100%

Relative TSR – 50%

TSR performance versus comparator group	Vesting (% of max)
Below median	0%
Median	20%
Upper quartile or above	100%

A threshold vesting level of 20% occurs where TP ICAP's TSR equals the TSR of the median company at the end of the performance period. The maximum vesting occurs where TP ICAP's TSR exceeds the TSR of the comparator company at the upper quartile.

New Business Growth – 20%

New Business Growth (CAGR)	Vesting (% of max)
Less than 10% p.a.	0%
10% p.a.	20%
16%+ p.a.	100%

New Business Growth is defined as the growth in underlying operating profit of the sum of Energy & Commodities, Institutional Services and Data & Analytics.

Non-executive Directors' fees (audited)

Non-executive Director ('NED') fees have been reviewed for 2020, taking into account the increased responsibilities and time commitment given the current regulatory environment as well as a review of those fees payable for equivalent roles in similar sized Financial Services companies in the UK. Committee participation and regional Engagement NED fees will remain unchanged but the base fee will increase to £70,000 for 2020. The fees for chairing the Audit, Risk and Remuneration Committees have each been increased to £25,000 per annum and the Senior Independent Director fee has also been increased to £15,000 per annum. The overseas-based NED supplement has simultaneously been reduced by £10,000. The NED fees for 2020 are as follows:

£m	Fees from 1 January 2020	Fees from 1 January 2019
Chairman	£300,000[1]	£300,000[1]
Base fee	£70,000	£60,000
Senior Independent Director	£15,000	£12,500
Chairman of the Audit, Risk and Remuneration Committees	£25,000	£22,500
Membership of the Audit, Risk and Remuneration Committees	£10,000	£10,000
Overseas-based NED supplement	£35,000	£45,000
Regional Engagement NED	£10,000	£10,000

1 The fee for the Chairman of the Board increased with effect from the apppintment of Richard Berliand on 15 May 2019 to £300,000 per annum. The former chairman received a fee of £250,000 per annum.

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.

Approved by the Board and signed on its behalf by

Lorraine Trainer
Chairman
Remuneration Committee
10 March 2020

Directors' Report

The Directors present their report together with the audited consolidated Financial Statements for the year ended 31 December 2019.

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
Board of Directors	Board of Directors (pages 50 to 51)
Results for the year	Consolidated Income Statement (page 113)
Dividends	Strategic report (page 1)
DTR 7 Corporate Governance Statement (excluding DTR 7.2.6, which is covered by this Directors' Report)	Corporate governance report (page 46)
How the Directors have engaged with and had regard to employees	Corporate governance report (pages 58 to 59)
How the Directors have had regard to the need to foster business relationships with stakeholders	Corporate governance report (pages 60 to 61)
Directors' share interests	Report of the Remuneration Committee (page 93)
Financial instruments	Note 28 to the Consolidated Financial Statements (pages 156 to 162)
Viability statement	Strategic report (page 33)
Going concern statement	Strategic report (page 33)
Principal risks and uncertainties	Strategic report (pages 36 to 39)
Human rights and equal opportunities	Strategic report (pages 40 to 45)
Related party transactions	Note 38 to the Consolidated Financial Statements (page 175)
Business activities and performance	Strategic report (pages 1 to 5)
Financial position	Strategic report (pages 20 to 32)
Key risk analysis	Strategic report (pages 36 to 39)
Loans and other provisions	Notes 3, 24 and 26 to the Consolidated Financial Statements (pages 129 to 130 and 153 to 155)
Issued share capital	Note 29 to the Consolidated Financial Statements (page 162)
Future developments	Strategic report (pages 6 to 14)
Statement of Directors' responsibilities	Page 105

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 Report of the Remuneration Committee (pages 78 to 99) 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
There have been no significant events between 31 December 2019 and the date of approval of this Annual Report which would require a change to or additional disclosure in the Annual Report.

Directors
The biography for each of the current Directors is set out on pages 50 to 51. Each of these Directors served throughout the year except for Richard Berliand, who was appointed to the Board of Directors on 19 March 2019, and subsequently appointed as Chairman after the AGM on 15 May 2019, and Angela Crawford-Ingle and Mark Hemsley, who will be appointed to the Board of Directors on 16 March 2020. Rupert Robson, Stephen Pull, and David Shalders also served as Directors during the year, Mr Robson and Mr Pull stepping down on 15 May 2019 and Mr Shalders on 30 October 2019.

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. In accordance with corporate governance requirements, having served nine years on the Board, Angela Knight has indicated her intention to step down and accordingly will not be seeking re-election at the AGM.

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 new potential conflicts of interest are recorded and reviewed by the full Board as they arise, and the Register of Conflicts and Relevant Situations is reviewed at each scheduled meeting of the Nominations and Governance Committee.

Directors' indemnity arrangements
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 Directors may incur in their capacity as a Director of the Company. The liability insurance provided to a Director does not provide cover in the event of dishonest or fraudulent activity. The principal employer of the Tullett Prebon Pension Scheme has given indemnities to the Directors who are trustees of that Scheme.

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 shareholder 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 31 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 2019 AGM, the Directors have the authority to allot shares and to buy the Company's shares in the market up to a maximum of approximately 10% of its issued share capital. At the last AGM, resolutions were passed to authorise the Directors to allot up to a nominal amount of £93,889,396.50 (subject to restrictions specified in the relevant resolutions) and to purchase up to 56,333,638 ordinary shares.

At the date of this Annual Report, no shares had been purchased in the market under the authority granted at the 2019 AGM. The allotment and buy-back authorities will expire at the conclusion of the 2020 AGM or, if earlier, on 1 July 2020 unless renewed before that time. These authorities are set to expire so similar authorities will be proposed at this year's AGM.

Further powers of the Directors are described in the Schedule of Matters Reserved for the Board, which is available on the Company's website: https://www.tpicap.com/investors/corporate-governance.

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-rata 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.

Employees
The Group is an inclusive employer and considers diversity to be of utmost importance. We give full and fair consideration to applications we receive from disabled persons and support those who incur a disability whilst employed at the Group. All opportunities of career progression and development, including promotions and training, are equally applied to all employees.

All employees recieve information of relevance to them and factors affecting the Group's performance through emails and our regular Group-wide newsletter, The Wire. The Group consults employees, taking into account their views in the Board's decision making processes, using surveys to encourage employee involvement in the Company's performance. This is supplemented by the workforce engagement programme, in which Lorraine Trainer, Edmund Ng and Michael Heaney have been commissioned to represent the Board in engaging with the workforce in EMEA, Asia Pacific and the Americas respectively. For more information on the progress made over the course of 2019, see pages 58 to 59.

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. Therefore, the Company will seek to obtain shareholder authority at the 2020 AGM to make limited political donations. During 2019, no political donations were made by the Group (2018: £nil).

Statement of Directors' responsibilities
The Directors' Statement regarding their responsibility for preparing the Annual Report is set out on page 105.

Substantial shareholders
As at 31 December 2019, 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 2019 %	**10 March 2020 %**
Schroders plc	**15.36**	14.25
Jupiter Asset Management	**8.57**	8.57
Liontrust Asset Management	**5.07**	5.07
Silchester International Investors LLP	**5.04**	5.04
Blackrock, Inc.	**4.85**	4.85

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. The Board is, however, acutely aware of society's increasing focus on this area and is committed to safeguarding the environment as much as it can by adopting and introducing policies and new initiatives at both Board and Group level.

The Group continues to report its carbon footprint according to best practice principles, reporting on scope 1 and scope 2 emissions. This year, TP ICAP has chosen to include aspects of its scope 3 emissions for the first time. Whilst this provides a greater insight into the organisational carbon footprint, there are elements of the Group's scope 3 emissions which are not reported on such as commuting, waste disposal and investments, consequently the figures presented fall short of a full scope 3 carbon footprint. The estimated Group greenhouse gas emissions for 2018 and 2019 are set out below:

Global GHG emission data for the period: 2019

	Tonnes of CO_2e	
Emission source	**Current reporting year**	**Previous reporting year**
Scope 1		
Combustion of fuel and operation of facilities	**661**	2,311
Fugitive Emissions	**311**	382
Scope 2		
Electricity, heat, steam and cooling purchased for own use	**6,599**	10,889
Total	**7,571**	13,583
Company's chosen intensity measurement: Emissions reported above per employee	**1.5**	2.8
Including Scope 3 emissions – Business Travel only	**3,665**	n/a
Total	**11,236**	n/a
Company's chosen intensity measurement: Emissions reported above per employee	**2.3**	n/a

The emission statistics were calculated by Anthesis Consulting Group. The analysis included all material sources of emissions for which the Group is directly responsible. Scope 1 emissions are direct emissions including those from combustion of fuels and owned vehicles. Scope 2 emissions are indirect emissions resulting from 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 (representing approximately 51% of the total TP ICAP recorded emissions). This data was then 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.

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.

Directors' Report continued

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 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 2.15 p.m. on 13 May 2020. 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 11 May 2020 (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 Report of the Remuneration Committee, 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 14 days' notice will be put to the AGM as special business.

Approved by the Directors and signed on behalf of the Board.

Richard Cordeschi
Group Company Secretary
10 March 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 a 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
Each of the Directors, whose names and functions are listed in the Corporate Governance report on pages 50 to 51 and who are Directors as at the date of this Statement of Directors' Responsibilities, confirm to the best of their knowledge that:

> 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 it faces; 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

Nicolas Breteau
Chief Executive Officer
10 March 2020

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

In our opinion:

- the financial statements of TP ICAP plc ("the Parent Company") and its subsidiaries ("the Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 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 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 39;
- the Parent Company Balance Sheet;
- the Parent Company Statement of Changes in Equity; and
- the related Parent Company Financial Statement Notes 1 to 10.

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 Financial Reporting Council's (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. The non-audit services provided to Group and Parent Company for the year are disclosed in Note 5 to the financial statements. 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; and > Presentation and disclosure of integration related items. Key audit matters are consistent with 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 six locations (2018: seven locations) with 28 subsidiaries (2018: 30 subsidiaries) subject to a full scope audit and five subsidiaries (2018: three subsidiaries) subject to specified audit procedures. In aggregate, these subsidiaries represent the principal business units within each of the Group's operating segments. These subsidiaries account for 98% (2018: 97%) of the Group's total assets, 98% (2018: 99%) of the Group's total liabilities, 88% (2018: 87%) of the Group's revenue and 85% (2018: 87%) of the Group's expenses.
Significant changes in our approach	Changes to the subsidiaries subject to full scope audit and specified audit procedures arise based on their relative contribution to the Group's results. There have been no other significant changes to our audit approach compared to prior year.

Conclusions relating to going concern, principal risks and viability statement

Going concern

> We have reviewed the Directors' statement in Note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent 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 considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the potential impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

> 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.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements. We confirm that we have nothing material to report, 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 Parent 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 36 to 39 that describe the principal risks, procedures to identify emerging risks, and an explanation of how there are being managed or mitigated;

> the Directors' confirmation on page 36 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or

> the Directors' explanation on page 33 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.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the directors. We confirm that we have nothing material to report, 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 122 and "Our business model" on page 4.

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 are invoiced for the service provided by the Group. It accounts for a majority of the Group's revenue of £1,833m. As invoices for services provided are not issued until the end of each month, the cash collection period is typically longer than for other revenue streams. We identified a risk of material misstatement of revenue, due to fraud or error, related to invoices past due or where post year-end trade adjustments or credit notes arise.

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

How the scope of our audit responded to the key audit matter	We obtained an understanding 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 or where amounts remained unpaid to other evidence to corroborate the validity of the revenue booked. We review communications with counterparties and tested a sample of post year-end trade adjustments and credit notes to evaluate whether these items were accurate valid.
Key observations	No issues were identified through our testing of past due Name Passing revenue or in relation to post year-end trade adjustments and credit notes.

Impairment of goodwill and other intangibles

Refer to the summary of significant accounting policies Note 3 on page 122, accounting estimates and judgements Note 3 on page 131, the intangible assets arising on consolidation Note 13 on page 141 and the other intangible assets Note 14 on page 143.

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 £993m, other intangible assets arising on consolidation of £518m and other intangible assets of £61m are impaired requires an estimation of the recoverable amount of the Group's cash generating units ("CGUs"), using the higher of the value in use or fair value less costs to sell. The value in use approach was used to assess the recoverable amount of all CGUs. The value in use approach involves discounting expected future cash flows and hence requires the selection of suitable discount rates and forecast future growth rates. It is therefore inherently subjective with an increased risk of material misstatement due to error or fraud. The value in use of each CGU can be sensitive to changes in underlying assumptions. We focused our testing on the Asia Pacific CGU where we identified increased sensitivity to the forecast future growth rate and discount rate assumptions. An impairment of £24m was recorded in the year for the Asia Pacific CGU.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to the impairment of goodwill and other intangibles. We performed detailed analysis of the Group's assumptions used in the annual impairment review, in particular forecast future growth rates, the cash flow projections and discount rates used by the Group in its impairment tests of the CGUs. We challenged cash flow forecasts and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available. We worked with our internal valuations specialists to independently derive discount rates which we compared to the rates used by the Group and we benchmarked discount rates to available external peer group data. We re-performed the Group's assessment of whether the impairment tests were sensitive to reasonably possible changes in assumptions and cash flows to determine whether the Group's disclosures of sensitivities in the financial statements were sufficient and appropriate.
Key observations	We concluded that the Directors' valuation used in the impairment test and the recognition of an impairment charge in respect of the Asia Pacific CGUs was appropriate. The cash flow forecasts used in the annual impairment review were consistent with the most recent financial budgets approved by the Board and were reasonable in the context of recent business performance. The growth rates used by management were reasonable and the discount rate was within a reasonable range.

Presentation and disclosure of integration related items

Refer to the basis of preparation Note 2 on page 119 and Note 5 on page 135.

Key audit matter description	The Group reports profit before "acquisition, disposal and integration related items" of £115m before taxation of which £34m related to integration. Judgement is required in determining and applying the Group's policy on integration related items. There is a risk that items that reflect the underlying performance of the Group are incorrectly presented as integration related items, whether due to fraud or error. In addition, there is a risk that undue prominence is given to underlying results compared to the statutory results of the Group.

How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to the classification of items as integration related. We reviewed the recognition of integration related items to assess whether it was in line with the Group's policy. For a sample of items we obtained supporting evidence to assess whether the items relate to integration or should be presented as part of the Group's underlying results. We 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 did not identify any material items that did not meet the Group's policy on integration related items set out in Note 5. 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

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 (2018: £10.2m)
Basis for determining materiality and rationale for the benchmark applied	We have used a purely profit based measure as a basis for determining materiality as we considered this to be the most appropriate. Our approach to determining materiality is consistent with the prior year. For the 2019 Group Financial Statements, we have determined our materiality to be £9.6m on the basis of approximately 5% of normalised[1] underlying profit before tax which equates to less than 1% of total equity.
Parent Company materiality	£4.8m (2018: £4.1m)
Basis for determining materiality and rationale for the benchmark applied	For the 2019 Parent Company Financial Statements, we have determined our materiality to be £4.8m by considering a number of factors including Group materiality and performance materiality and the relative significance of Parent Company to the Group. This equates to 50% of Group materiality and less than 1% of Parent Company total equity.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2019 audit (2018: 70%).

In determining performance materiality we considered that the control environment remains decentralised and reliant on manual processes, and enhancements are required to the information technology environment. However, we also considered:

> our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods; and
> our risk assessment, which has indicated no changes in the business that could affect our ability to forecast potential misstatements.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2018: £0.5m), 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

Identification and scoping of components

Our Group audit scope focused primarily on six locations (2018: seven locations) with 28 subsidiaries (2018: 30 subsidiaries) subject to a full scope audit and five subsidiaries (2018: three subsidiaries) subject to specified audit procedures. These subsidiaries account for 98% (2018: 97%) of the Group's total assets, 98% (2018: 99%) of the Group's total liabilities, 88% (2018: 87%) of the Group's revenue and 85% (2018: 87%) 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 £3.4m to £4.0m.

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.

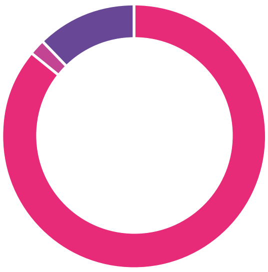
Our consideration of the control environment

The Group uses a number of different IT systems across components and we worked with our IT specialists to assess General IT controls for relevant systems. The control environment remains decentralised, reliant on manual processes with improvements required to the IT environment in order for us to adopt a controls reliance approach. Management continue to implement improvements to the existing environment.

1 We have determined normalised underlying profit before tax of £188m as underlying profit before tax of £230m less amortisation of intangible assets arising on consolidation of £42m. Amortisation of intangible assets arising on consolidation is a recurring cost and therefore reflects ongoing business performance.

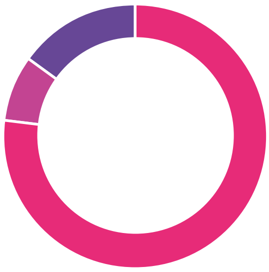
Independent Auditor's Report to the Members of TP ICAP plc continued

Revenue



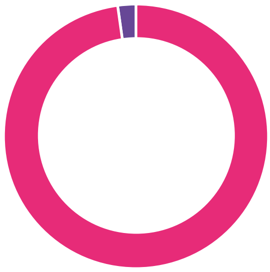
- Full scope 86%
- Specified audit procedures 2%
- Analytical procedures only 12%

Expenses



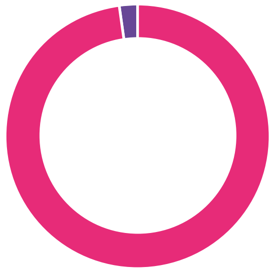
- Full scope 77%
- Specified audit procedures 8%
- Analytical procedures only 15%

Total assets



- Full scope 98%
- Specified audit procedures 0%
- Analytical procedures only 2%

Total liabilities



- Full scope 98%
- Specified audit procedures 0%
- Analytical procedures only 2%

Working with other auditors

The Senior Statutory Auditor 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 five other component auditors. The Group audit team maintained dialogue with all component auditors throughout all phases of the audit and received written reports from component auditors setting out the results of their audit procedures.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

> the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
> results of our enquiries of management, Internal Audit and the Audit Committee about their own identification and assessment of the risks of irregularities;
> any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
> identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, including their assessment of open litigation and regulatory matters as disclosed in note 26 and 35;
> detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
> the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
> the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, pensions, valuations and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Name Passing revenue, presentation of integration related items and the annual impairment test. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the included the relevant provisions of the UK Companies Act 2006, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty, such as prudential regulatory requirements.

Audit response to risks identified

As a result of performing the above, we identified Name Passing revenue, presentation of integration related items and the annual impairment test as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters. Our procedures to respond to risks identified included the following:

> reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
> enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
> performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
> reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and regulators, including the FCA;
> in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
> where actual or suspected non-compliance with laws and regulations was identified, we performed specific audit procedures to identify and address the risks of material misstatement in the financial statements, including making direct enquiries of external legal counsel, reviewing relevant correspondence with the regulator or judiciary body and reviewing the disclosures in note 26 and note 35 of the financial statements.

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 Parent Company upon its listing in 2001. We were appointed to audit its financial statements for the year ending 31 December 2001 and subsequent periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 19 years, covering the years ending 31 December 2001 to 31 December 2019.

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).

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.

Alan Chaudhuri
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
10 March 2020

Consolidated Income Statement

for the year ended 31 December 2019

	Notes	Underlying £m	Acquisition, disposal and integration costs (Note 5) £m	Exceptional items (Note 5) £m	Total £m
2019					
Revenue	4	**1,833**	**–**	**–**	**1,833**
Administrative expenses	5	**(1,570)**	**(115)**	**(31)**	**(1,716)**
Other operating income	5,6	**16**	**–**	**9**	**25**
Operating profit		**279**	**(115)**	**(22)**	**142**
Finance income	8	**6**	**–**	**–**	**6**
Finance costs	9	**(55)**	**–**	**–**	**(55)**
Profit before tax		**230**	**(115)**	**(22)**	**93**
Taxation	10	**(55)**	**15**	**–**	**(40)**
Profit after tax		**175**	**(100)**	**(22)**	**53**
Share of results of associates and joint ventures	17,18	**15**	**–**	**–**	**15**
Profit for the year		**190**	**(100)**	**(22)**	**68**
Attributable to:					
Equity holders of the parent		**189**	**(100)**	**(22)**	**67**
Non-controlling interests		**1**	**–**	**–**	**1**
		190	**(100)**	**(22)**	**68**
Earnings per share					
– Basic	11	**33.8p**			**12.0p**
– Diluted	11	**33.5p**			**11.9p**
2018					
Revenue	4	1,763	–	–	1,763
Administrative expenses	5	(1,499)	(160)	(23)	(1,682)
Other operating income	6	12	–	–	12
Operating profit		276	(160)	(23)	93
Finance income	8	5	–	–	5
Finance costs	9	(36)	–	–	(36)
Profit before tax		245	(160)	(23)	62
Taxation	10	(63)	20	4	(39)
Profit after tax		182	(140)	(19)	23
Share of results of associates and joint ventures	17,18	12	–	–	12
Profit for the year		194	(140)	(19)	35
Attributable to:					
Equity holders of the parent		191	(140)	(19)	32
Non-controlling interests		3	–	–	3
		194	(140)	(19)	35
Earnings per share					
– Basic	11	34.2p			5.7p
– Diluted	11	33.9p			5.7p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Profit for the year		**68**	35
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	37	**(52)**	(2)
Equity instruments at FVTOCI – net change in fair value	19	**1**	7
Taxation relating to items not reclassified	10	**19**	1
		(32)	6
Items that may be reclassified subsequently to profit or loss:			
Effect of changes in exchange rates on translation of foreign operations		**(44)**	49
		(44)	49
Other comprehensive (loss)/income for the year		**(76)**	55
Total comprehensive (loss)/income for the year		**(8)**	90
Attributable to:			
Equity holders of the parent		**(8)**	86
Non-controlling interests		**–**	4
		(8)	90

Consolidated Balance Sheet

as at 31 December 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Intangible assets arising on consolidation	13	**1,511**	1,594
Other intangible assets	14	**61**	69
Property, plant and equipment	15	**72**	74
Right-of-use assets	16	**91**	–
Investment in associates	17	**58**	53
Investment in joint ventures	18	**28**	26
Other investments	19	**20**	20
Deferred tax assets	21	**3**	4
Retirement benefit assets	37	**–**	55
Other long term receivables	22	**26**	20
		1,870	1,915
Current assets			
Trade and other receivables	22	**49,371**	22,798
Financial investments	20	**148**	133
Cash and cash equivalents	34	**676**	667
		50,195	23,598
Total assets		**52,065**	25,513
Current liabilities			
Trade and other payables	23	**(49,305)**	(22,735)
Interest bearing loans and borrowings	24	**(11)**	(144)
Lease liabilities	25	**(23)**	–
Current tax liabilities		**(48)**	(55)
Short term provisions	26	**(21)**	(31)
		(49,408)	(22,965)
Net current assets		**787**	633
Non-current liabilities			
Interest bearing loans and borrowings	24	**(678)**	(498)
Lease liabilities	25	**(117)**	–
Deferred tax liabilities	21	**(83)**	(123)
Long term provisions	26	**(26)**	(30)
Other long term payables	27	**(21)**	(64)
Retirement benefit obligations	37	**(2)**	(3)
		(927)	(718)
Total liabilities		**(50,335)**	(23,683)
Net assets		**1,730**	1,830
Equity			
Share capital	29, 30(a)	**141**	141
Share premium	30(a)	**17**	17
Merger reserve	30(a)	**1,384**	1,384
Other reserves	30(b)	**(1,205)**	(1,158)
Retained earnings	30(c)	**1,375**	1,430
Equity attributable to equity holders of the parent	30(c)	**1,712**	1,814
Non-controlling interests	30(c)	**18**	16
Total equity		**1,730**	1,830

The Consolidated Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 10 March 2020 and are signed on its behalf by

Nicolas Breteau
Chief Executive Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Equity attributable to equity holders of the parent (Note 30)										
	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
2019											
Balance at 1 January 2019	**141**	**17**	**1,384**	**(1,182)**	**4**	**31**	**(11)**	**1,430**	**1,814**	**16**	**1,830**
Profit for the year	–	–	–	–	–	–	–	67	67	1	68
Other comprehensive (loss)/income for the year	–	–	–	–	1	(43)	–	(33)	(75)	(1)	(76)
Total comprehensive (loss)/income for the year	–	–	–	–	1	(43)	–	34	(8)	–	(8)
Dividends paid	–	–	–	–	–	–	–	(94)	(94)	(1)	(95)
Share settlement of share-based awards	–	–	–	–	–	–	2	(3)	(1)	–	(1)
Own shares acquired for employee trusts	–	–	–	–	–	–	(7)	–	(7)	–	(7)
Increase in non-controlling interests	–	–	–	–	–	–	–	3	3	3	6
Credit arising on share-based awards	–	–	–	–	–	–	–	5	5	–	5
Balance at 31 December 2019	**141**	**17**	**1,384**	**(1,182)**	**5**	**(12)**	**(16)**	**1,375**	**1,712**	**18**	**1,730**

	Equity attributable to equity holders of the parent (Note 30)										
	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
2018											
Balance at 1 January 2018	139	17	1,378	(1,182)	1	(17)	(10)	1,494	1,820	13	1,833
Adjustment on initial application of IFRS 9	–	–	–	–	–	–	–	(4)	(4)	–	(4)
Adjusted balance at 1 January 2018	139	17	1,378	(1,182)	1	(17)	(10)	1,490	1,816	13	1,829
Profit for the year	–	–	–	–	–	–	–	32	32	3	35
Other comprehensive income/(loss) for the year	–	–	–	–	7	48	–	(1)	54	1	55
Total comprehensive income for the year	–	–	–	–	7	48	–	31	86	4	90
Issue of ordinary shares	2	–	6	–	–	–	–	(2)	6	–	6
Dividends paid	–	–	–	–	–	–	–	(94)	(94)	(1)	(95)
Gain on disposal of equity instruments at FVTOCI	–	–	–	–	(4)	–	–	4	–	–	–
Share settlement of share-based awards	–	–	–	–	–	–	4	(4)	–	–	–
Own shares acquired for employee trusts	–	–	–	–	–	–	(5)	–	(5)	–	(5)
Credit arising on share-based awards	–	–	–	–	–	–	–	5	5	–	5
Balance at 31 December 2018	141	17	1,384	(1,182)	4	31	(11)	1,430	1,814	16	1,830

Consolidated Cash Flow Statement

for the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Cash from operating activities	33	**148**	149
Investing activities			
(Purchase)/sale of financial investments		**(20)**	4
Sale of equity instruments at FVTOCI		**1**	7
Purchase of equity investments at FVTOCI		**(1)**	–
Interest received		**5**	3
Dividends from associates and joint ventures		**10**	10
Expenditure on intangible fixed assets		**(20)**	(26)
Purchase of property, plant and equipment		**(13)**	(47)
Deferred consideration paid		**(12)**	(3)
Investment in associates		**(5)**	(2)
Acquisition consideration paid		**–**	(18)
Cash acquired with acquisitions		**–**	1
Net cash flows from investment activities		**(55)**	(71)
Financing activities			
Dividends paid	12	**(94)**	(94)
Dividends paid to non-controlling interests		**(1)**	(1)
Dividend equivalents paid on share-based awards		**(1)**	–
Sale of equity to non-controlling interests		**6**	–
Own shares acquired for employee trusts		**(7)**	(5)
Drawdown of revolving credit facility		**39**	87
Repayment of revolving credit facility		**(91)**	(35)
Funds received from loans from related parties		**35**	–
Repayment of loans from related parties		**(38)**	–
Gain on derivative financial instruments		**3**	–
Funds received from issue of Sterling Notes		**250**	–
Repayment/repurchase of Sterling Notes		**(149)**	–
Bank facility arrangement fees and debt issue costs		**(2)**	(3)
Payment of lease liabilities		**(21)**	–
Net cash flows from financing activities		**(71)**	(51)
Net increase in cash and cash equivalents		**22**	27
Net cash and cash equivalents at the beginning of the year		**667**	622
Adjustment on initial application of IFRS 9		**–**	(1)
Effect of foreign exchange rate changes		**(13)**	19
Net cash and cash equivalents at the end of the year	34	**676**	667
Cash and cash equivalents		**686**	680
Overdrafts		**(10)**	(13)
Cash and cash equivalents at the end of the year	34	**676**	667

Notes to the Consolidated Financial Statements

for the year ended 31 December 2019

1. General information

TP ICAP plc is a public company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 183. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 100 to 104 and in the Strategic report on pages 1 to 45.

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 IFRS 16, 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 IFRS 9 'Financial Instruments' 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 2019

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 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 33.

(e) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year:

> IFRS 16 'Leases'

The Group has adopted IFRS 16 'Leases' as at 1 January 2019, using the cumulative catch-up approach. Under this transition method, comparative information has not been restated and cumulative adjustments on initial application are recognised in the opening balance sheet as at 1 January 2019. Accordingly, comparative information presented for 2018 is presented as previously reported under IAS 17 and related interpretations. Lessor accounting remains similar to previous accounting policies. The details of the changes in the Group's accounting policies as a lessee are disclosed below.

(i) Definition of a lease

The Group assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16 the Group elected to apply the practical expedient not to reassess whether a contract was or contained a lease. The Group therefore applied IFRS 16 only to contracts that had been previously identified as leases, in accordance with IAS 17 and IFRIC 4, before 1 January 2019. The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019. The Group considers that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of the relative stand-alone prices. However, for certain leases of properties the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The distinction between operating leases and finance leases is removed. Under IFRS 16 the Group now recognises right-of-use assets and lease liabilities, which the Group has chosen to report separately on its balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, the date at which power to control the asset is obtained. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease cash flows, previously presented as operating cash flows, are split into payments of principal and interest and are presented as financing and operating cash flows respectively.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes termination and/or renewal options and for leases which the Group has enforceable rights that extend the lease agreement. The assessment of whether the Group is reasonably certain to exercise such options or whether the Group is able to enforce its additional rights impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

(iii) Transition as at 1 January 2019

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and any provisions held in respect of onerous lease contracts.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

> Applied the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term;
> Relied on previous assessments on whether leases are onerous;
> Excluded initial direct costs from the measuring the right-of-use asset at the date of initial application; and,
> Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. This expedient has been applied in reassessing the lease terms associated with three significant UK leases. Under an agreement with the landlord, two property leases will be terminated once the Group has moved its operations to a new leased property.

(iv) As a lessor

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Group sub-leases some of its leased properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. Where the Group is an intermediate lessor, it will account for the head lease and the sub-lease as two separate contracts and is required to classify the sub-lease as either a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Where sub-lease agreements are assessed as finance leases, the Group will derecognise the right-of-use asset and record its interest in finance lease receivables. As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables.

(v) Impact on transition

The impact on transition is summarised below:

	1 January 2019 £m
Right-of-use assets	**101**
Finance lease receivables (presented in other receivables)	**8**
Lease liabilities	**(145)**
Property provisions	**(1)**

When measuring lease liabilities for leases that were classified as operating leases the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019, reflecting the lease term and the type of leased asset. The discount rates used in the calculation of the lease liability involved estimation. The weighted-average rate applied was 7.3%.

	1 January 2019 £m
Lease liabilities	
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**313**
- Recognition exemption for leases of low-value assets	
- Recognition exemption for leases with less than 12 months of lease term at transition	**(3)**
- Termination and extension options reasonably certain to be exercised[1]	**(89)**
Gross lease commitments at 1 January 2019	**221**
Lease liabilities recognised at 1 January 2019, discounted using the incremental borrowing rate	**145**
Right-of-use assets	
Initial right-of-use assets at amounts equal to the associated lease liability	**145**
- Adjustment for prepaid and accrued lease payments	**(29)**
- Adjustment for provisions held in respect of onerous leases	**(8)**
- Adjustment for additional property provisions	**1**
Amounts recognised as finance lease receivables	**(8)**
	101

1. Operating lease commitments have reduced by a net £89m following a reassessment of three significant UK leases. Under an agreement with the landlord, two property leases will be terminated once the Group has moved its operations to a new leased property. The new lease has a commencement date of February 2020 at which date a lease liability and right-of-use asset of £65m will be recognised. The gross lease commitment is £90m.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

(vi) Impact for the year

During the year ended 31 December 2019, the Group, in relation to leases under IFRS 16, has recognised depreciation and interest costs, instead of IAS 17 operating lease expenses, as follows:

	Recognised in the Income Statement during the year ended 31 December 2019		Operating lease expense under IAS 17
	Depreciation	Net Interest Expense	
	£m	£m	£m
EMEA	10	2	12
Americas	5	8	9
Asia Pacific	6	2	7
	21	12	28

As a result of the Group adopting IFRS 16 using the cumulative catch up approach to transition, prior years have not been restated. Consequently the results for the year ended 31 December 2019 are not directly comparable with those reported in the prior year under the previous applicable accounting standard IAS 17 'Leases'.

As at 1 January 2019 and 31 December 2019 the right-of-use assets and lease liabilities were as follows:

	31 December 2019 £m	1 January 2019 £m
Right-of-use assets by type		
Properties	90	100
Equipment	1	1
	91	101
Finance lease receivables		
(presented in other receivables)		
Properties	8	8
Lease liabilities		
Current lease liabilities	23	17
Non-current lease liabilities	117	128
	140	145

> Other New Standards and Interpretations

The following new Standards and Interpretations are effective from 1 January 2019 but they do not have a material effect in the Group's financial statements:

- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards (2015-2017 Cycle); and
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.

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:

- Amendments to IAS 1 and IAS 8: Definition of Material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

- IFRS 17 Insurance Contracts;
- Amendment to IFRS 3 Business Combinations; and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

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.

Each geographic segment comprises the following types of revenue:

(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.

In respect of contracts for the provision Data & Analytics, the Group has applied the practical expedient in IFRS 15, allowing for the non-disclosure of both the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount. In relation to these contracts the Group has a right that corresponds directly with the value of the Group's performance completed.

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

(b) Business combinations

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

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

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

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

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

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

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

(c) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these Financial Statements 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 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

3. Summary of significant accounting policies continued

(e) Goodwill continued

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 ('CGU') expected to benefit from the synergies of the combination. CGUs 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 CGU is less than the carrying amount of any goodwill allocated to the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

(f) Intangible assets

Software and software development costs

An internally generated intangible asset arising from the Group's software development is recognised at cost only if all of the following conditions are met:

> an asset is created that can be identified;
> it is probable that the asset created will generate future economic benefits; and
> the development costs of the asset can be measured reliably.

Where the above conditions are not met, costs are expensed as incurred.

Acquired separately or from a business combination

Intangible assets acquired separately are capitalised at cost and intangible assets acquired in a business acquisition are capitalised at fair value at the date of acquisition. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation charged on assets with a finite useful life is taken to the income statement through administrative expenses.

Other than software development costs, intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their finite useful lives generally on a straight-line basis, as follows:

Software:	
Purchased or developed	– up to 5 years
Software licences	– over the period of the licence
Acquisition intangibles:	
Brand/Trademarks	– up to 5 years
Customer relationships	– 2 to 20 years
Other intangibles	– over the period of the contract

Intangible assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(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 CGU 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Broker contract payments

Payments made to brokers under employment contracts which are in advance of the expected economic benefit due to the Group are accounted for as prepayments and included within trade and other receivables. Payments made in advance are subject to repayment conditions during the contract period and the prepayment is amortised over the shorter of the contract term and the period the payment remains recoverable. Amounts that are irrecoverable, or become irrecoverable, are written off immediately.

Payments made in arrears are accrued and are included within trade and other payables.

(j) Financial instruments

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 assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

> the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
> the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ('FVTOCI'):

> the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
> the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ('FVTPL').

The Group may make the following irrevocable elections or designations at initial recognition of a financial asset:

> to irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
> to irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at FVTOCI

Debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated in the revaluation reserve. When such assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election, on an instrument-by-instrument basis, to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

> it has been acquired principally for the purpose of selling it in the near term; or
> on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
> it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

3. Summary of significant accounting policies continued

(j) Financial instruments continued

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as finance income in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

> investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

> debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in finance income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

> an actual or expected significant deterioration in the financial instrument's external or internal credit rating;

> significant deterioration in external market indicators of credit risk for a particular financial instrument;

> existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

> an actual or expected significant deterioration in the operating results of the debtor; and

> significant increases in credit risk on other financial instruments of the same debtor; an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

> The financial instrument has a low risk of default;
> The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
> Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per both Standard & Poor's and Fitch.

The Group monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Definition of default
The Group considers a financial asset to be in default when:

> the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
> the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Trade receivables are written off if the debtor is in severe financial difficulty or if the amount is over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables, including settlement balances and deposits paid for securities borrowed, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

3. Summary of significant accounting policies continued

(j) Financial instruments continued

A financial liability is classified as held for trading if:

> it has been acquired principally for the purpose of repurchasing it in the near term; or
> on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
> it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

> such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
> the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
> it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in 'other gains and losses' in profit or loss.

Financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

(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 with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than twelve months and is not expected to be realised or settled within twelve months.

(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 except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as 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 other comprehensive income and accumulated in the hedging and translation reserve. 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 and stock lending

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.

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.

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.

(n) Restricted Funds, 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.

(o) 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

3. Summary of significant accounting policies continued

(p) 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.

(q) Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates, its functional currency. For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Gains and losses arising from the settlement of these transactions, and from the retranslation of monetary assets and liabilities denominated in currencies other than the functional currency at rates prevailing at the balance sheet date, are recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at historical cost or fair value are translated at the exchange rate at the date of the transaction or at the date the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of. Income and expense items are translated at average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used.

(r) 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.

(s) 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.

(t) 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 in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs.

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. The Trust Deed provides the Group with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities. In the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of, the plan. Based on these rights, any net surplus in the plan would be recognised in full. Where such rights or do not exist, or are no longer enforceable, the Group applies the requirements of IFRIC 14 and restricts recognition of the net surplus by applying an asset recognition ceiling. The asset ceiling is recorded in other comprehensive income.

(u) 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.

(v) 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.

(w) 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.

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 whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Judgement is also required as to when contingent liabilities become disclosable. 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 also a significant area of estimation uncertainty. Note 26 and Note 35 provide details of the Group's provisions and contingent liabilities.

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 separate from items relating to acquisition, disposal and integration costs, and exceptional items. Judgement is required to ensure that profit or loss items are appropriately and consistently classified and that their classification and description correctly reflects the presentational objectives of the Group. Note 5 provides details of the items separately presented in the Group's Income Statement.

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.

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. During the year goodwill has been impaired by £24m. Note 13 describes the assumptions used together with an analysis of the sensitivity to reasonably possible changes in key assumptions.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

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.

Information regarding the Group's operating segments is reported below:

Analysis by geographic segment

	2019 £m	2018 £m
Revenue		
EMEA	**900**	886
Americas	**687**	636
Asia Pacific	**246**	241
	1,833	1,763
Operating profit		
EMEA	**164**	173
Americas	**94**	81
Asia Pacific	**21**	22
Underlying operating profit[1]	**279**	276
Acquisition, disposal and integration costs (Note 5)	**(115)**	(160)
Exceptional items (Note 5)	**(22)**	(23)
Reported operating profit	**142**	93
Finance income	**6**	5
Finance costs[2]	**(55)**	(36)
Profit before tax	**93**	62
Taxation	**(40)**	(39)
Profit after tax	**53**	23
Share of results of associates and joint ventures	**15**	12
Profit for the year	**68**	35

Under the IFRS 16 transition approach adopted by the Group, the prior year prepared under IAS 17 has not been restated. Consequently the results for the year ended 31 December 2019 are not directly comparable with those reported for 31 December 2018 (Note 2(e)(vi)).

In relation to leases under IFRS 16:

1. Operating profit includes depreciation of £10m for EMEA, £5m for Americas and £6m for Asia Pacific instead of operating lease expense of £12m for EMEA, £9m for Americas and £7m for Asia Pacific; and
2. Finance costs include the unwind of discounted lease liabilities of £2m for EMEA, £8m for Americas and £2m for Asia Pacific.

There are no inter-segment sales included in the geographic segment revenue.

TP ICAP plc is domiciled in the UK. Revenue attributable to the UK amounted to £850m (2018: £828m) and the total revenue from other countries was £983m (2018: £935m).

Analysis by division

	2019 £m	2018 £m Restated[1]
Revenue by Division		
– Rates[1]	**537**	523
– Credit	**94**	101
– FX & Money Markets	**201**	207
– Emerging Markets	**213**	213
– Equities	**199**	210
Global Broking	**1,244**	1,254
Energy & Commodities	**379**	331
Institutional Services	**75**	61
Data & Analytics[2]	**135**	117
	1,833	1,763
Operating profit		
Global Broking	**221**	253
Energy & Commodities	**46**	32
Institutional Services	**3**	1
Data & Analytics	**59**	49
Corporate Centre	**(50)**	(59)
Underlying operating profit	**279**	276

1. In 2019, RV broking business was transferred from Global Broking to Institutional Services. 2018 revenue has been restated to reclassify £24m from Global Broking to Institutional Services.
2. Contracts for the provision of Data & Analytics services gives the Group a right to revenue which corresponds directly with the value of the performance completed. The Group has applied the practical expedient in IFRS 15 and has not disclosed either the remaining amount due under the contract nor when the Group expects to recognise that amount.

Corporate centre represents the cost of group and central functions that are not allocated to the Group's divisions.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

4. Segmental analysis continued

Other segmental information

	2019 £m	2018 £m
Capital additions		
EMEA – UK	**23**	33
Americas	**4**	34
Asia Pacific	**6**	6
	33	73

	2019 £m	2018 £m
Depreciation and amortisation		
EMEA – UK	**32**	24
EMEA – Other	**2**	2
Americas	**17**	11
Asia Pacific	**10**	2
	61	39

	2019 £m	2018 £m
Share-based compensation		
EMEA – UK (including £1m credit relating to acquisitions and integration (2018: nil))	**3**	3
Americas	**1**	1
Asia Pacific	**1**	1
	5	5

	Non-current £m	Current £m	2019 £m	2018 £m
Segment assets				
EMEA – UK	**1,081**	**10,138**	**11,219**	4,179
EMEA – Other	**36**	**187**	**223**	110
Americas	**567**	**39,713**	**40,280**	20,873
Asia Pacific	**186**	**157**	**343**	351
	1,870	**50,195**	**52,065**	25,513

	Non-current £m	Current £m	2019 £m	2018 £m
Segment liabilities				
EMEA – UK	**366**	**9,795**	**10,161**	3,090
EMEA – Other	**48**	**160**	**208**	95
Americas	**374**	**39,408**	**39,782**	20,341
Asia Pacific	**139**	**45**	**184**	157
	927	**49,408**	**50,335**	23,683

Segment assets and liabilities exclude all inter-segment balances.

5. Administrative expenses

	Underlying Front Office £m	Underlying Support £m	Total Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
2019						
Broker compensation costs	**900**	**–**	**900**	**–**	**–**	**900**
Other staff costs	**19**	**209**	**228**	**18**	**2**	**248**
Other share-based payment charge/(credit)	**–**	**6**	**6**	**(1)**	**–**	**5**
Charge relating to employee long-term benefits	**–**	**–**	**–**	**–**	**1**	**1**
Employment costs (Note 7)	**919**	**215**	**1,134**	**17**	**3**	**1,154**
Technology and related costs	**99**	**59**	**158**	**–**	**–**	**158**
Premises and related costs	**–**	**26**	**26**	**–**	**1**	**27**
Amortisation of other intangible assets (Note 14)	**1**	**22**	**23**	**4**	**–**	**27**
Depreciation of property, plant and equipment (Note 15)	**1**	**12**	**13**	**–**	**–**	**13**
Depreciation of right-of-use assets (Note 16)	**–**	**20**	**20**	**–**	**1**	**21**
Amortisation of intangible assets arising on consolidation (Note 13)	**–**	**–**	**–**	**42**	**–**	**42**
Impairment of intangible assets arising on consolidation (Note 13)	**–**	**–**	**–**	**24**	**–**	**24**
Adjustments to deferred consideration	**–**	**–**	**–**	**6**	**–**	**6**
Adjustments to provisions and contingent liabilities acquired	**–**	**–**	**–**	**3**	**–**	**3**
Charge relating to legal and regulatory settlements	**–**	**–**	**–**	**–**	**18**	**18**
Pension scheme past service and settlement costs	**–**	**–**	**–**	**–**	**4**	**4**
Acquisition costs	**–**	**–**	**–**	**2**	**–**	**2**
Other administrative costs	**119**	**77**	**196**	**17**	**4**	**217**
	1,139	**431**	**1,570**	**115**	**31**	**1,716**
Impairment loss on trade receivables	**–**	**–**	**–**	**–**	**–**	**–**
	1,139	**431**	**1,570**	**115**	**31**	**1,716**
2018						
Broker compensation costs	859	–	859	–	–	859
Other staff costs	14	223	237	22	–	259
Other share-based payment charge	–	5	5	–	–	5
Charge relating to employee long-term benefits	–	–	–	–	2	2
Employment costs (Note 7)	873	228	1,101	22	2	1,125
Technology and related costs	94	52	146	–	–	146
Premises and related costs	–	52	52	1	14	67
Amortisation of other intangible assets (Note 14)	2	23	25	1	–	26
Depreciation of property, plant and equipment (Note 15)	–	10	10	–	3	13
Amortisation of intangible assets arising on consolidation (Note 13)	–	–	–	40	–	40
Impairment of intangible assets arising on consolidation (Note 13)	–	–	–	65	–	65
Impairment of associate	–	–	–	3	–	3
Adjustments to deferred consideration	–	–	–	5	–	5
Net charge relating to legal settlements	–	–	–	–	3	3
Acquisition costs	–	–	–	3	–	3
Other administrative costs	115	49	164	20	1	185
	1,084	414	1,498	160	23	1,681
Impairment loss on trade receivables	–	1	1	–	–	1
	1,084	415	1,499	160	23	1,682

Net foreign exchange loss of £8m (2018: gain £1m) are included in 'other administrative costs'.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

5. Administrative expenses continued

Acquisition, disposal and integration costs comprise:

	2019 £m	2018 £m
ICAP integration costs		
– Employee related costs	**16**	22
– Share-based payment credit	**(1)**	–
– Premises, equipment and other technology costs	**–**	1
– Amortisation of other intangible assets	**4**	1
– Other administrative costs	**15**	20
	34	44
Acquisition and disposal costs		
– Acquisition costs	**6**	3
– Amortisation of intangible assets arising on consolidation	**42**	40
– Impairment of intangible assets arising on consolidation	**24**	65
– Impairment of associate	**–**	3
– Adjustments to deferred consideration (Note 32(c))	**6**	5
– Adjustments to provisions and contingent liabilities acquired	**3**	–
	115	160
Taxation	**(15)**	(20)
	100	140

Exceptional items comprise:

	2019 £m	2018 £m
Charge relating to business reorganisation	**7**	18
Pension Scheme past service and closure costs	**4**	–
Charge relating to employee long-term benefits	**1**	2
Charge relating to legal costs	**1**	–
Charge relating to legal and regulatory settlements	**18**	3
	31	23
Employment related legal settlement receipt	**(9)**	–
	22	23
Taxation	**–**	(4)
	22	19

The analysis of auditor's remuneration is as follows:

	2019 £000	2018 £000
Audit of the Group's annual accounts	**462**	448
Audit of the Company's subsidiaries and associates pursuant to legislation	**5,679**	4,917
Total audit fees	**6,141**	5,365
Audit related assurance services[1]	**1,034**	1,239
Other assurance services[2]	**884**	88
Total non-audit fees	**1,918**	1,327
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	**22**	18

1 Audit related assurance services relate to services required by law or regulation, assurance on regulatory returns and review of interim financial information.
2 Other assurance services relate to non-statutory audits and other permitted assurance services.

6. Other operating income

Other operating income represents receipts such:

	2019 £m	2018 £m
Business relocation grants	**3**	1
Employee related insurance receipts	**2**	1
Management fees from associates	**1**	1
Sub-lease rental income (pre IFRS 16)	**–**	2
Other receipts	**10**	7
	16	12

Other receipts include royalties, rebates, insurance proceeds, tax credits and refunds.

Costs associated with such items are included in administrative expenses.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

7. Staff costs

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

	2019 No.	2018 No.
EMEA	**2,272**	2,216
Americas	**1,549**	1,576
Asia Pacific	**1,037**	1,042
	4,858	4,834

The aggregate employment costs of staff and Directors were:

	2019 £m	2018 £m
Wages, salaries, bonuses and incentive payments	**1,048**	1,022
Social security costs	**84**	83
Defined contribution pension costs (Note 37(c))	**17**	15
Other share-based compensation expense	**5**	5
	1,154	1,125

8. Finance income

	2019 £m	2018 £m
Interest receivable and similar income	**5**	4
Interest receivable on finance leases (Note 22)	**1**	–
Deemed interest arising on the defined benefit pension scheme surplus (Note 37)	**–**	1
	6	5

9. Finance costs

	2019 £m	2018 £m
Interest and fees payable on bank facilities	**3**	4
Interest payable on Sterling Notes June 2019	**2**	4
Interest payable on Sterling Notes January 2024	**24**	26
Interest payable on Sterling Notes May 2026	**8**	–
Other interest payable	**1**	1
Amortisation of debt issue and bank facility costs	**2**	1
Borrowing costs	**40**	36
Interest payable on lease liabilities (Note 16)	**12**	–
Premium on repurchase of Sterling Notes January 2024	**3**	–
	55	36

10. Taxation

	2019 £m	2018 £m
Current tax		
UK corporation tax	**23**	23
Overseas tax	**32**	17
Prior year UK corporation tax	**(3)**	(2)
Prior year overseas tax	**–**	–
	52	38
Deferred tax (Note 21)		
Current year	**(12)**	1
Prior year	**–**	–
	(12)	1
Tax charge for the year	**40**	39

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

	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	2019 £m	2018 £m
Profit before tax	**230**	**(115)**	**(22)**	**93**	62
Tax based on the UK corporation tax rate of 19% (2018: 19%)	**44**	**(22)**	**(4)**	**18**	12
Tax effect of items that are not deductible:					
– expenses	**8**	**–**	**4**	**12**	9
– impairment of intangible assets arising on consolidation	**–**	**5**	**–**	**5**	13
Prior year adjustments	**(3)**	**–**	**–**	**(3)**	(2)
Impact of tax rate change	**–**	**–**	**–**	**–**	–
Impact of overseas tax rates	**6**	**2**	**–**	**8**	7
Tax charge/(credit) for the year	**55**	**(15)**	**–**	**40**	39

The UK corporation tax rate for 2019 is 19% (2018: 19%).

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
2019			
Deferred tax credit relating to:			
– Decrease in the defined benefit pension scheme surplus (Note 37)	**(19)**	**–**	**(19)**
– Other timing differences	**–**	**–**	**–**
Tax credit on items taken directly to other comprehensive income and equity	**(19)**	**–**	**(19)**
2018			
Deferred tax credit relating to:			
– Decrease in the defined benefit pension scheme surplus	(1)	–	(1)
– Other timing differences	–	(1)	(1)
Tax credit on items taken directly to other comprehensive income and equity	(1)	(1)	(2)

Notes to the Consolidated Financial Statements continued

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11. Earnings per share

	2019	2018
Basic – underlying	**33.8p**	34.2p
Diluted – underlying	**33.5p**	33.9p
Basic	**12.0p**	5.7p
Diluted	**11.9p**	5.7p

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

	2019 No.(m)	2018 No.(m)
Basic weighted average shares	**559.4**	558.5
Contingently issuable shares	**4.2**	5.6
Diluted weighted average shares	**563.6**	564.1

The earnings used in the calculation of underlying, basic and diluted earnings per share are set out below:

	2019 £m	2018 £m
Earnings for the year	**68**	35
Non-controlling interests	**(1)**	(3)
Earnings	**67**	32
Acquisition, disposal and integration costs (Note 5)	**115**	160
Exceptional items (Note 5)	**22**	23
Taxation (Note 10)	**(15)**	(24)
Underlying earnings	**189**	191

Under the IFRS 16 transition approach adopted by the Group. the prior year prepared under IAS 17 has not been restated. Consequently the results for the year ended 31 December 2019 are not directly comparable with those reported for 31 December 2018 (Note 2(e)(vi)).

12. Dividends

	2019 £m	2018 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2018 of 11.25p per share	**63**	–
Interim dividend for the year ended 31 December 2019 of 5.6p per share	**31**	–
Final dividend for the year ended 31 December 2017 of 11.25p per share	**–**	63
Interim dividend for the year ended 31 December 2018 of 5.6p per share	**–**	31
	94	94

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 19 May 2020, if approved by shareholders at the Annual General Meeting on 13 May 2020, to all shareholders that are on the Register of Members on 3 April 2020. This dividend has not been included as a liability in these Financial Statements.

The Trustees of the TP ICAP plc Employee Benefit Trust have waived their rights to dividends.

13. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2019	**1,030**	**564**	**1,594**
Recognised on acquisitions	**7**	**–**	**7**
Remeasurement period adjustments:			
– Remeasurement of other intangible assets	**(5)**	**5**	**–**
– Increase in net assets acquired	**(2)**	**–**	**(2)**
Amortisation of acquisition related intangibles	**–**	**(42)**	**(42)**
Impairment of acquisition related intangibles	**(24)**	**–**	**(24)**
Effect of movements in exchange rates	**(13)**	**(9)**	**(22)**
At 31 December 2019	**993**	**518**	**1,511**
At 1 January 2018	1,052	590	1,642
Recognised on acquisitions	31	2	33
Remeasurement period adjustments	(2)	2	–
Amortisation of acquisition related intangibles	–	(40)	(40)
Impairment of acquisition related intangibles	(65)	–	(65)
Effect of movements in exchange rates	14	10	24
At 31 December 2018	1,030	564	1,594

Other intangible assets at 31 December 2019 represent customer relationships, £506m (2018: £543m), business brands and trade marks, £10m (2018: £16m), and other intangibles, £2m (2018: £5m) that arise through business combinations. Customer relationships are being amortised between 10 and 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:

	2019 £m	2018 £m
CGU		
EMEA	**663**	654
Americas	**262**	281
Asia Pacific	**68**	95
Goodwill allocated to CGUs	**993**	1,030

CGUs, to which goodwill has been allocated, are tested for impairment at least annually. During the year the Group undertook impairment assessments as at 30 June and as at 31 December, triggered as a result of changes in expected CGU cash flows. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each group of CGUs. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared to the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared to a post-tax carrying value of the CGU.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

13. Intangible assets arising on consolidation continued

The key assumptions for the VIU calculations are those regarding expected cash flows arising in future years, regional growth rates and the discount rates. Future projections are based on the most recent financial projections considered by the Board which are used to project pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for the CGU.

As at 30 June 2019 the recoverable amount for each CGU was based on their VIU. Growth rates on underlying revenue, equating to a 0.9% compound annual growth rate over the five year projected period, were used for all CGUs, with pre-tax discount rates of 11.0% for EMEA, 13.6% for Americas and 11.8% for Asia Pacific. At that time no CGUs were impaired. However the Asia Pacific CGU was sensitive to reasonably possible changes in the VIU assumptions.

As at 31 December 2019 the recoverable amount for each CGU was based on their VIU. Growth rates on underlying revenues were 2.1% for EMEA, 1.6% for Americas and 1.2% for Asia Pacific over the five year projected period, with pre-tax discount rates of 11.0% for EMEA, 13.6% for Americas and 11.6% for Asia Pacific. As a result, the recoverable amount for the Asia Pacific CGU was estimated to be lower than its carrying value by £24m and has been impaired by this amount.

As at 31 December 2019 the Asia Pacific CGU remains sensitive to reasonably possible changes in the VIU assumptions. Further impairment of the Asia Pacific CGU would be required if there are changes in the applicable assumptions. A reduction in the growth rate over the period by 0.5% would increase the impairment charge by £17m and a 1% increase in the discount rate would increase the charge by £10m. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2019	**23**	**125**	**148**
Additions	**2**	**18**	**20**
Amounts derecognised	**(1)**	**(1)**	**(2)**
Effect of movements in exchange rates	**(1)**	**(2)**	**(3)**
At 31 December 2019	**23**	**140**	**163**
Accumulated amortisation			
At 1 January 2019	**(14)**	**(65)**	**(79)**
Charge for the year	**(5)**	**(22)**	**(27)**
Amounts derecognised	**1**	**1**	**2**
Effect of movements in exchange rates	**1**	**1**	**2**
At 31 December 2019	**(17)**	**(85)**	**(102)**
Carrying amount			
At 31 December 2019	**6**	**55**	**61**

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2018	18	112	130
Additions	6	20	26
Amounts derecognised	(1)	(10)	(11)
Effect of movements in exchange rates	–	3	3
At 31 December 2018	23	125	148
Accumulated amortisation			
At 1 January 2018	(9)	(52)	(61)
Charge for the year	(4)	(22)	(26)
Amounts derecognised	1	10	11
Effect of movements in exchange rates	(2)	(1)	(3)
At 31 December 2018	(14)	(65)	(79)
Carrying amount			
At 31 December 2018	9	60	69

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2019	**54**	**79**	**133**
Additions	**11**	**2**	**13**
Disposals	**(2)**	**(4)**	**(6)**
Effect of movements in exchange rates	**(3)**	**(3)**	**(6)**
At 31 December 2019	**60**	**74**	**134**
Accumulated depreciation			
At 1 January 2019	**(11)**	**(48)**	**(59)**
Charge for the year	**(7)**	**(6)**	**(13)**
Disposals	**2**	**3**	**5**
Effect of movements in exchange rates	**2**	**3**	**5**
At 31 December 2019	**(14)**	**(48)**	**(62)**
Carrying amount			
At 31 December 2019	**46**	**26**	**72**

Cost			
At 1 January 2018	36	72	108
Additions	31	16	47
Disposals	(17)	(12)	(29)
Effect of movements in exchange rates	4	3	7
At 31 December 2018	54	79	133
Accumulated depreciation			
At 1 January 2018	(20)	(50)	(70)
Charge for the year	(6)	(7)	(13)
Disposals	17	12	29
Effect of movements in exchange rates	(2)	(3)	(5)
At 31 December 2018	(11)	(48)	(59)
Carrying amount			
At 31 December 2018	43	31	74

16. Right-of-use assets

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
At 1 January 2019	**100**	**1**	**101**
Additions	**18**	**–**	**18**
Modifications	**(4)**	**–**	**(4)**
Depreciation	**(21)**	**–**	**(21)**
Impairment	**–**	**–**	**–**
Effect of movements in exchange rates	**(3)**	**–**	**(3)**
At 31 December 2019	**90**	**1**	**91**

The Group leases several buildings which have an average lease term of 10 years.

Additions to right-of-use assets of £18m in 2019 relate to the renewal of leases on buildings that expired during the current financial year.

The maturity analysis of lease liabilities is presented in Note 25.

Amounts recognised in profit and loss

	2019 £m
Depreciation expense on right-of-use assets	**21**
Interest expense on lease liabilities	**12**
Expense relating to short-term leases	**2**
Expense relating to leases of low value assets	**–**
Expense relating to variable lease payments not included in the measurement of the lease liability	**–**
Income from sub-leasing right-of-use assets	**1**

At 31 December 2019, the Group is committed to £2m for short-term leases (Note 36). The total cash outflow for leases amounts to £33m (representing principal repayment of £21m and interest of £12m).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

17. Investment in associates

	2019 £m	2018 £m
At 1 January	**53**	52
Additions	**5**	2
Disposals	**–**	(1)
Impairment	**–**	(3)
Share of profit for the year	**11**	8
Dividends received	**(8)**	(7)
Effect of movements in exchange rates	**(3)**	2
At 31 December	**58**	53
Summary financial information for associates		
Aggregated amounts (for associates at the year end):		
Total assets	**267**	261
Total liabilities	**(87)**	(95)
Net assets	**180**	166
Proportion of Group's ownership interest	**56**	51
Goodwill	**2**	2
Carrying amount of Group's ownership interest	**58**	53
Aggregated amounts (for associates during the year):		
Revenue	**223**	201
Profit for the year	**35**	25
Group's share of profit for the year	**11**	8
Dividends received from associates during the year	**8**	7

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%
	Enmore Commodity Brokers (Shanghai) Limited	49%
England	Glia Ecosystems Limited	20%
	Zodiac Seven Limited	41.3%
India	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.

18. Investment in joint ventures

	2019 £m	2018 £m
At 1 January	**26**	24
Share of result for the year	**4**	4
Dividends received	**(2)**	(3)
Effect of movements in exchange rates	**–**	1
At 31 December	**28**	26
Summary financial information for joint ventures		
Aggregated amounts (for joint ventures at the year end):		
Total assets	**22**	21
Total liabilities	**(4)**	(6)
Net assets	**18**	15
Proportion of Group's ownership interest	**9**	7
Goodwill	**19**	19
Carrying amount of Group's ownership interest	**28**	26
Aggregated amounts (for joint ventures during the year):		
Revenue	**15**	14
Result for the year	**8**	7
Group's share of result for the year	**4**	4
Dividends received from joint ventures during the year	**2**	3

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%
Mexico	SIF ICAP, S.A. de C.V.	50%

During the year tpSynrex Ltd was dissolved.

19. Other investments

	2019 £m	2018 £m
At 1 January	**20**	19
Additions	**1**	–
Disposals	**(1)**	(7)
Revaluation of equity instruments at FVTOCI	**1**	7
Effect of movements in exchange rates	**(1)**	1
At 31 December	**20**	20
Categorisation of other investments:		
Debt instruments at FVTOCI – corporate debt securities	**2**	2
Available-for-sale – corporate debt securities	**–**	–
Equity instruments at FVTOCI	**18**	18
Available-for-sale – equity instruments	**–**	–
	20	20

The fair values are based on valuations as disclosed in Note 28(i). Equity instruments comprise securities that do not qualify as associates or joint ventures.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

20. Financial investments

	2019 £m	2018 £m
Debt instruments at FVTOCI – Government debt securities	**87**	84
Investments at amortised cost		
– Term deposits	**51**	37
– Restricted funds	**10**	12
	148	133

Debt instruments and term deposits are liquid instruments held with financial institutions and central counterparty clearing houses ('CCP') providing the Group with access to clearing services. Restricted funds comprise cash held with financial institutions and CCP's together with 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.

21. Deferred tax

	2019 £m	2018 £m
Deferred tax assets	**3**	4
Deferred tax liabilities	**(83)**	(123)
	(80)	(119)

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

	2019 £m	2018 £m
At 1 January	**(119)**	(114)
Credit to equity on initial application of IFRS 9	**–**	1
Credit/(charge) to income for the year	**12**	(1)
Credit to other comprehensive income for the year	**19**	1
Recognised with acquisitions	**–**	(1)
Effect of movements in exchange rates	**8**	(5)
At 31 December	**(80)**	(119)

Deferred tax balances and movements thereon are analysed as:

	At 1 January £m	Recognised in equity £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
2019							
Share-based payment awards	**3**	**–**	**1**	**–**	**–**	**–**	**4**
Defined benefit pension scheme	**(19)**	**–**	**–**	**19**	**–**	**–**	**–**
Tax losses	**5**	**–**	**(3)**	**–**	**–**	**1**	**3**
Bonuses	**1**	**–**	**6**	**–**	**–**	**2**	**9**
Intangible assets arising on consolidation	**(114)**	**–**	**6**	**–**	**–**	**3**	**(105)**
Other timing differences	**5**	**–**	**2**	**–**	**–**	**2**	**9**
	(119)	**–**	**12**	**19**	**–**	**8**	**(80)**
2018							
Share-based payment awards	2		1	–	–	–	3
Defined benefit pension scheme	(20)	–	–	1	–	–	(19)
Tax losses	2	–	3	–	–	–	5
Bonuses	16	–	(15)	–	–	–	1
Intangible assets arising on consolidation	(119)	–	10	–	(1)	(4)	(114)
Other timing differences	5	1	–	–	–	(1)	5
	(114)	1	(1)	1	(1)	(5)	(119)

At the balance sheet date, the Group has gross unrecognised temporary differences of £144m with the unrecognised net tax amount being £30m (2018: gross £119m and net tax £25m respectively). This includes gross tax losses of £131m with the net tax amount being £27m (2018: gross £97m and net tax £19m respectively), which are potentially available for offset against future profits. Of the unrecognised gross losses £41m (2018: £48m) are expected to expire within 20 years and £90m (2018: £49m) 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 £3m (2018: £5m) in respect of tax losses has been recognised as at 31 December 2019 as it was considered probable that future tax profits should arise.

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 (2018: £2m) in respect of unremitted profits of subsidiaries of £25m (2018: £27m).

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

22. Trade and other receivables

	2019 £m	2018 £m
Non-current receivables		
Finance lease receivables	**7**	–
Other receivables	**19**	20
	26	20
Current receivables		
Trade receivables	**301**	283
Settlement balances	**48,295**	21,487
Deposits paid for securities borrowed	**652**	900
Derivatives at FVTPL	**–**	3
Finance lease receivables	**1**	–
Financial assets	**49,249**	22,673
Other debtors	**17**	18
Prepayments	**91**	90
Accrued income	**10**	10
Corporation tax	**1**	3
Owed by associates and joint ventures	**3**	4
	49,371	22,798

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. No interest is charged on outstanding trade receivables.

For the year ended 31 December 2019 the Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix by region. As the Group's historical credit loss experience does not show significantly different loss patterns for different regional customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Trade receivables	Total £m	Not past due £m	Less than 30 days past due £m	31 – 60 days past due £m	61 – 90 days past due £m	Greater than 91 days past due £m
2019						
EMEA	**161**	**49**	**34**	**21**	**15**	**42**
Americas	**104**	**47**	**17**	**13**	**7**	**20**
Asia Pacific	**48**	**18**	**8**	**5**	**3**	**14**
Gross balances outstanding	**313**	**114**	**59**	**39**	**25**	**76**
Expected credit loss rate		**%**	**%**	**%**	**%**	**%**
EMEA		**1.36**	**1.84**	**3.71**	**4.00**	**10.14**
Americas		**0.69**	**1.04**	**1.63**	**2.37**	**7.28**
Asia Pacific		**0.73**	**1.29**	**2.82**	**4.73**	**9.35**
Lifetime ECL	**(12)**					
	301					
2018						
EMEA	141	54	34	16	10	27
Americas	104	49	22	12	7	14
Asia Pacific	49	16	11	6	3	13
Gross balances outstanding	294	119	67	34	20	54
Expected credit loss rate		%	%	%	%	%
EMEA		1.67	2.37	3.62	3.99	13.63
Americas		0.53	1.12	1.58	1.63	10.28
Asia Pacific		0.85	1.51	2.28	3.39	13.05
Lifetime ECL	(11)					
	283					

As at 31 December 2019 settlement balances that were due and those that were past due were as follows:

Settlement balances	Total £m	Not past due £m	Less than 90 days past due £m	Greater than 91 days past due £m
2019				
EMEA	**9,636**	**9,636**	**–**	**–**
Americas	**38,659**	**38,657**	**2**	**–**
Total	**48,295**	**48,293**	**2**	**–**
2018				
EMEA	2,387	1,605	779	3
Americas	19,100	18,960	140	–
Total	21,487	20,565	919	3

Settlement balances arise on Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions is 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 (Note 28(d)), which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously. The above analysis reflects only the receivable side of such transactions. Corresponding payable amounts are shown in Note 23 'Trade and other payables'. The Group measures loss allowances for settlement balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of underlying instruments, that could arise as a result of default. As at 31 December 2019, the provision for expected credit losses amounted to less than £1m.

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 23 'Trade and other payables'. The Group measures loss allowances for these balances under the general approach reflecting the probability of default based on the credit rating of the counterparty together with an assessment of the loss, after the sale of collateral, that could arise as a result of default. As at 31 December 2019, the provision for expected credit losses amounted to less than £1m.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

22. Trade and other receivables continued

Derivatives 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 23 'Trade and other payables'.

Amounts receivable under finance leases:

	2019 £m
Year 1	1
Year 2	2
Year 3	2
Year 4	2
Year 5	1
Onwards	2
Undiscounted lease payments	10
Unguaranteed residual values	–
Less: unearned finance income	(2)
Present value of lease payments receivable	8
Impairment loss allowance	–
Net investment in the lease	8

Undiscounted lease payments analysed as:

	2019 £m
Recoverable after 12 months	9
Recoverable within 12 months	1

Net investment in the lease analysed as:

	2019 £m
Recoverable after 12 months	7
Recoverable within 12 months	1

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the recording entities.

The following table presents the amounts included in profit or loss.

	2019 £m
Selling profit/loss for finance leases	–
Finance income on the net investment in finance leases	1

The Group's finance lease arrangements do not include variable payments.

The average effective interest rate contracted approximates 8.64% per annum.

The directors of the Company estimated the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting year is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, the directors of the Company consider that no finance lease receivable is impaired.

23. Trade and other payables

	2019 £m	2018 £m
Trade payables	**25**	19
Settlement balances	**48,275**	21,451
Deposits received for securities loaned	**652**	907
Derivatives at FVTPL	**–**	3
Deferred consideration (Note 32(c))	**23**	15
Financial liabilities	**48,975**	22,395
Tax and social security	**22**	27
Other creditors	**15**	20
Accruals	**289**	289
Deferred income	**1**	2
Owed to associates and joint ventures	**3**	2
	49,305	22,735

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.

24. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2019			
Sterling Notes January 2024	**10**	**430**	**440**
Sterling Notes May 2026	**1**	**248**	**249**
	11	**678**	**689**
2018			
Bank loans	52	–	52
Sterling Notes June 2019	80	–	80
Sterling Notes January 2024	12	498	510
	144	498	642

All amounts are denominated in Sterling and are stated after unamortised transaction costs. An analysis of borrowings by maturity has been disclosed in Note 28(f).

Bank credit facilities and bank loans
In December 2019 the Company extended its £270m committed revolving facility, that would have matured in December 2021. The new maturity of the facility is December 2022. Facility commitment fees of 0.8% on the undrawn balance are payable on the new facility, reduced from 1.0% that were payable on the cancelled facility. Arrangement fees of £3m were incurred in 2018 and will be amortised over the maturity of the new facility.

As at 31 December 2019, the £270m revolving credit facility was undrawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling and their carrying amount approximated to their fair value.

Interest and facility fees of £3m were incurred in 2019.

Loans from related parties
In April 2019 the Group borrowed Yen 5bn (£35m) due 30 September 2019 from a related party. The loan had a coupon of 6 month TIBOR + 2.25%. The loan was repaid in September 2019 resulting in a payment of £38m plus interest of less than £1m. The Group held an associated foreign exchange derivative at FVTPL which resulted in a £3m inflow.

Sterling Notes: Due June 2019
In June 2019 £80m Sterling Notes, due June 2019, were repaid.

Notes to the Consolidated Financial Statements continued

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24. Interest bearing loans and borrowings continued

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. In 2019 the Group repurchased Notes with a par value £69m for £72m including accrued interest. At 31 December 2019 the fair value of the Notes (Level 1) was £475m.Accrued interest at 31 December 2019 amounted to £10m (2018: £12m). Issue costs of £3m were incurred in 2017.

Sterling Notes: Due May 2026

In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2019 the fair value of the Notes (Level 1) was £270m. Accrued interest at 31 December 2019 amounted to £1m. Issue costs of £1m were incurred in 2019.

25. Lease liabilities

Maturity analysis

	2019 £m
Year 1	**33**
Year 2	**25**
Year 3	**21**
Year 4	**20**
Year 5	**15**
Onwards	**91**
	205
Less: unearned interest	**(65)**
	140

Analysed as:

	2019 £m
Non-current	**(117)**
Current	**(23)**
	(140)

26. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2019				
At 1 January 2019	**14**	**10**	**37**	**61**
Charge to income statement	**–**	**8**	**23**	**31**
Utilisation of provision	**–**	**(10)**	**(26)**	**(36)**
Adoption of IFRS 16:				
– onerous lease provisions offset against right-of-use assets	**(7)**	**–**	**–**	**(7)**
Effect of movements in exchange rates	**(1)**	**–**	**(1)**	**(2)**
At 31 December 2019	**6**	**8**	**33**	**47**
2018				
At 1 January 2018	5	27	29	61
Charge to income statement	11	10	7	28
Utilisation of provision	(2)	(27)	–	(29)
Effect of movements in exchange rates	–	–	1	1
At 31 December 2018	14	10	37	61

	2019 £m	2018 £m
Included in current liabilities	**21**	31
Included in non-current liabilities	**26**	30
	47	61

Property provisions outstanding as at 31 December 2019 relate to provisions in respect of building dilapidations, representing the estimated cost of making good dilapidations and disrepair on various leasehold buildings. Onerous provisions as at 31 December 2018 have been offset against the right-of-use asset arising on the adoption of IFRS 16 (Note 2(e)).

Restructuring provisions outstanding as at 31 December 2019 relate to termination and other employee related costs. The movement during the year reflects the actions taken under the Group's integration of ICAP and other business reorganisations. It is expected that the remaining obligations will be discharged during 2020.

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.

European Commission Yen LIBOR

In February 2015 the European Commission imposed a fine of £13m (€15m) on NEX International Limited (formerly ICAP plc), ICAP Management Services Limited and ICAP New Zealand Limited for alleged competition violations in relation to the involvement of certain of ICAP'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 Group's acquisition of the ICAP global broking business, it is noted that the fine imposed by the European Commission has been appealed, seeking a full annulment of the Commission's decision. 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 the Group served its reply during April 2018. A decision from the Courts of Justice of the European Union was received on 10 July 2019 which determined that the decision of the European Commission in relation to the competition violations still stands but the decision of the European Commission imposing the fine was annulled. The European Commission is likely to adopt new articles in relation to a fine however and the Group has retained a £8m (€10m) provision in its accounts in connection with this matter.

CFTC Investigation

In June 2018, the Group recorded an exceptional legal provision in the amount of £8m (US$10m) in connection with an ongoing regulatory investigation into its subsidiary, Tullett Prebon Americas Corp. ('TPAC'), relating to alleged broker conduct on the TPAC USD Medium Term Interest Rate Swaps desk in 2013 and 2014. In September 2019, TPAC settled this matter with the CFTC for an aggregate amount of £11m (US$13m) and the matter is now concluded.

FCA Investigation

On 11 October 2019 the FCA issued its Final Notice in respect of its investigation into Tullett Prebon Europe Limited ("TPEL"). The FCA imposed a financial penalty on TPEL of £15m. The matter related to certain trades undertaken between 2008 and 2011 which were alleged to have no commercial rationale or economic purposes, on which brokerage was paid and the failure by TPEL to discover certain audio files and produce them to the FCA in a timely manner. The FCA found that certain former managers in TPEL's Global Broking Division and in TPEL's Compliance Department failed to act with due skill, care and diligence. It was found that at the time there were inadequate systems and controls in place to deal with the risk of improper broker conduct. The investigation also related the account given by TPEL to the FCA as to how those files were discovered.

27. Other long term payables

	2019 £m	2018 £m
Accruals and deferred income	**3**	38
Deferred consideration (Note 32(c))	**18**	26
	21	64

Under the IFRS 16 transition approach adopted by the Group, the prior year prepared under IAS 17 has not been restated. Consequently the results for the year ended 31 December 2019 are not directly comparable with those reported for 31 December 2018 (Note 2(e)(vi)). In 2018, 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.

Notes to the Consolidated Financial Statements continued

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28. 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 32.

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, or the security sold, 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. Margin calls can be made by central counterparties under the Matched Principal broking model when not all legs of a matched principal trade are settled at the central counterparty or when there is a residual balance or confirmation error. Margin calls can be made by the Group's clearers or correspondent clearers under the Executing Broker broking model when there is a trade error or a counterparty is slow to confirm their trade. These margin calls occur mainly in the US and UK.

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 £270m 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 while also optimising returns to shareholders. The capital structure of the Group consists of debt, as set out in Note 24, 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 29 and 30.

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.

(c) Categorisation of financial assets and liabilities

Financial assets	FVTOCI debt instruments £m	FVTOCI equity instruments £m	Amortised cost £m	Mandatorily at FVTPL £m	Total carrying amount £m
2019					
Non-current financial assets measured at fair value					
Equity securities	**–**	**18**	**–**	**–**	**18**
Corporate debt securities	**2**	**–**	**–**	**–**	**2**
Non-current financial assets not measure at fair value					
Finance lease receivables	**–**	**–**	**7**	**–**	**7**
	2	**18**	**7**	**–**	**27**
Current financial assets measured at fair value					
Derivative instruments	**–**	**–**	**–**	**–**	**–**
Government debt securities	**87**	**–**	**–**	**–**	**87**
Current financial assets not measured at fair value[1]					
Term deposits	**–**	**–**	**51**	**–**	**51**
Restricted funds	**–**	**–**	**10**	**–**	**10**
Trade receivables	**–**	**–**	**301**	**–**	**301**
Settlement balances receivable	**–**	**–**	**48,295**	**–**	**48,295**
Deposits paid for securities borrowed	**–**	**–**	**652**	**–**	**652**
Finance lease receivables	**–**	**–**	**1**	**–**	**1**
Cash and cash equivalents	**–**	**–**	**676**	**–**	**676**
	87	**–**	**49,986**	**–**	**50,073**
Total financial assets	**89**	**18**	**49,993**	**–**	**50,100**

Financial assets	FVTOCI debt instruments £m	FVTOCI equity instruments £m	Amortised cost £m	Mandatorily at FVTPL £m	Total carrying amount £m
2018					
Non-current financial assets measured at fair value					
Equity securities	–	18	–	–	18
Corporate debt securities	2	–	–	–	2
	2	18	–	–	20
Current financial assets measured at fair value					
Derivative instruments	–	–	–	3	3
Government debt securities	84	–	–	–	84
Current financial assets not measured at fair value[1]					
Term deposits	–	–	37	–	37
Restricted funds	–	–	12	–	12
Trade receivables	–	–	283	–	283
Settlement balances receivable	–	–	21,487	–	21,487
Deposits paid for securities borrowed	–	–	900	–	900
Cash and cash equivalents	–	–	667	–	667
	84	–	23,386	3	23,473
Total financial assets	86	18	23,386	3	23,493

1 Financial assets and liabilities not measured at fair value are only measured at fair value on initial recognition.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

28. Financial instruments continued

Financial liabilities	Mandatorily at FVTPL Non-current £m	Mandatorily at FVTPL Current £m	Other financial liabilities Non-current £m	Other financial liabilities Current £m	Total carrying amount £m
2019					
Financial liabilities measured at fair value					
Deferred consideration	**18**	**23**	**–**	**–**	**41**
Derivative instruments	**–**	**–**	**–**	**–**	**–**
	18	**23**	**–**	**–**	**41**
Financial liabilities not measured at fair value[1]					
Bank loan	**–**	**–**	**–**	**–**	**–**
Sterling Notes June 2019	**–**	**–**	**–**	**–**	**–**
Sterling Notes January 2024	**–**	**–**	**430**	**10**	**440**
Sterling Notes May 2026	**–**	**–**	**248**	**1**	**249**
Trade payables	**–**	**–**	**–**	**25**	**25**
Settlement balances payable	**–**	**–**	**–**	**48,275**	**48,275**
Deposits received for securities loaned	**–**	**–**	**–**	**652**	**652**
	–	**–**	**678**	**48,963**	**49,641**
Total financial liabilities	**18**	**23**	**678**	**48,963**	**49,682**

Financial liabilities	Mandatorily at FVTPL Non-current £m	Mandatorily at FVTPL Current £m	Other financial liabilities Non-current £m	Other financial liabilities Current £m	Total carrying amount £m
2018					
Financial liabilities measured at fair value					
Deferred consideration	26	15	–	–	41
Derivative instruments	–	3	–	–	3
	26	18	–	–	44
Financial liabilities not measured at fair value[1]					
Bank loan	–	–	–	52	52
Sterling Notes June 2019	–	–	–	80	80
Sterling Notes January 2024	–	–	498	12	510
Trade payables	–	–	–	19	19
Settlement balances payable	–	–	–	21,451	21,451
Deposits received for securities loaned	–	–	–	907	907
	–	–	498	22,521	23,019
Total financial liabilities	26	18	498	22,521	23,063

1 Financial assets and liabilities not measured at fair value are only measured at fair value on initial recognition.

(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
2019		
Derivatives at FVTPL	–	–
Related amounts not offset in the statement of financial position	–	–
Net position	–	–
2018		
Derivatives at FVTPL	3	3
Related amounts not offset in the statement of financial position	(3)	(3)
Net position	–	–

(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) (Note 22).

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. As at year end, a majority of the Group's counterparty exposure is to investment grade counterparts. 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 (Note 22).

The credit risk on cash, cash equivalents, and financial assets at amortised cost, FVTOCI or 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.

The 'maximum exposure to credit risk' is the maximum exposure before taking account of any securities or collateral held, or other credit enhancements, unless such enhancements meet accounting offsetting requirements. For financial assets recognised on the balance sheet, excluding equity instruments as they are not subject to credit risk, the maximum exposure to credit risk equals their carrying amount.

Notes to the Consolidated Financial Statements continued

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28. Financial instruments continued

(f) Maturity profile of financial and lease liabilities

The table below reflects the contractual maturities, including future interest obligations, of the Group's financial and lease 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
2019					
Settlement balances	**48,275**	**–**	**–**	**–**	**48,275**
Deposits received for securities loaned	**652**	**–**	**–**	**–**	**652**
Derivatives at FVTPL	**–**	**–**	**–**	**–**	**–**
Trade payables	**22**	**3**	**–**	**–**	**25**
Lease liabilities	**9**	**24**	**81**	**91**	**205**
Bank loan	**–**	**–**	**–**	**–**	**–**
Sterling Notes January 2024	**11**	**11**	**533**	**–**	**555**
Sterling Notes May 2026	**–**	**7**	**59**	**270**	**336**
Deferred consideration	**6**	**18**	**13**	**4**	**41**
	48,975	**63**	**686**	**365**	**50,089**
2018					
Settlement balances	21,451	–	–	–	21,451
Deposits received for securities loaned	907	–	–	–	907
Derivatives at FVTPL	2	1	–	–	3
Trade payables	19	–	–	–	19
Bank loan	52	–	–	–	52
Sterling Notes January 2024	13	13	105	513	644
Sterling Notes June 2019	–	82	–	–	82
Deferred consideration	10	5	26	–	41
	22,454	101	131	513	23,199

(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 is also shown below.

Based on a 10% weakening in the US Dollar, Euro and Australian Dollar exchange rates against Sterling, the effects would be as follows:

	2019			2018		
	USD £m	EUR £m	AUD £m	USD £m	EUR £m	AUD £m
Change in foreign currency financial assets and liabilities – profit or loss	**(4)**	**(4)**	**–**	(3)	(3)	–
Change in translation of foreign operations – equity	**(80)**	**(4)**	**(8)**	(78)	(4)	(11)

The Group would experience equal and opposite foreign exchange movements should the US Dollar, Euro and Australian Dollar 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:

	2019		2018	
	+100pts £m	-100pts £m	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	**7**	**(7)**	6	(6)
– floating rate liabilities	**(1)**	**1**	–	–
Net income/(expense) for the year	**6**	**(6)**	6	(6)

(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
2019				
Financial assets measured at fair value				
Equity instruments	**3**	**8**	**7**	**18**
Corporate debt securities	**–**	**–**	**2**	**2**
Government debt securities	**87**	**–**	**–**	**87**
Derivative instruments	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value				
Deferred consideration	**–**	**(16)**	**(25)**	**(41)**
Derivative instruments	**–**	**–**	**–**	**–**
	90	**(8)**	**(16)**	**66**
2018				
Financial assets measured at fair value				
Equity instruments	2	9	7	18
Corporate debt securities	–	–	2	2
Government debt securities	84	–	–	84
Derivative instruments	–	3	–	3
Financial liabilities measured at fair value				
Deferred consideration	–	–	(41)	(41)
Derivative instruments	–	(3)	–	(3)
	86	9	(32)	63

In deriving the fair value of derivative instruments valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable. There is no material sensitivity to unobservable inputs used in the models.

There were no transfers between Level 1 and 2 during the year. £16m of deferred consideration has transferred to Level 2 from Level 3 as the performance inputs relating to this balance are now observable.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

28. Financial instruments continued

(i) Fair value measurements recognised in the statement of financial position continued

Reconciliation of Level 3 fair value measurements of financial assets:

	Equity instruments (at FVTOCI) £m	Debt securities (at FVTOCI) £m	Deferred consideration (at FVTPL) £m	2019 Total £m	2018 Total £m
Balance as at 1 January	**7**	**2**	**(41)**	**(32)**	(22)
Net change in fair value – included in 'administrative expenses'	**–**	**–**	**(6)**	**(6)**	(5)
Acquisitions during the year	**–**	**–**	**(6)**	**(6)**	(15)
Amounts settled during the year	**–**	**–**	**12**	**12**	11
Transfer to level 2	**–**	**–**	**16**	**16**	–
Effect of movements in exchange rates	**–**	**–**	**–**	**–**	(1)
Balance as at 31 December	**7**	**2**	**(25)**	**(16)**	(32)

29. Share capital

	2019 No.	2018 No.
Allotted, issued and fully paid		
Ordinary shares of 25p		
As at 1 January	**563,336,380**	554,132,671
Issue of ordinary shares	**–**	9,203,709
As at 31 December	**563,336,380**	563,336,380

30. Reconciliation of shareholders' funds

(a) Share capital, Share premium account, Merger reserve

	Share capital £m	Share premium account £m	Merger reserve £m	Total £m
2019				
As at 1 January 2019	**141**	**17**	**1,384**	**1,542**
Issue of ordinary shares	**–**	**–**	**–**	**–**
As at 31 December 2019	**141**	**17**	**1,384**	**1,542**
2018				
As at 1 January 2018	139	17	1,378	1,534
Issue of ordinary shares	2	–	6	8
As at 31 December 2018	141	17	1,384	1,542

Share capital/Merger reserve

As at 1 January 2018 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
2019					
As at 1 January 2019	**(1,182)**	**4**	**31**	**(11)**	**(1,158)**
Equity investments at FVTOCI – net change in fair value	**–**	**1**	**–**	**–**	**1**
Exchange differences on translation of foreign operations	**–**	**–**	**(43)**	**–**	**(43)**
Taxation on components of other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**1**	**(43)**	**–**	**(42)**
Gain on disposal of equity investments at FVTOCI	**–**	**–**	**–**	**–**	**–**
Share settlement of share-based payment awards	**–**	**–**	**–**	**2**	**2**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(7)**	**(7)**
As at 31 December 2019	**(1,182)**	**5**	**(12)**	**(16)**	**(1,205)**
2018					
As at 1 January 2018	(1,182)	1	(17)	(10)	(1,208)
Equity investments at FVTOCI – net change in fair value	–	7	–	–	7
Exchange differences on translation of foreign operations	–	–	48	–	48
Taxation on components of other comprehensive income	–	–	–	–	–
Total comprehensive income	–	7	48	–	55
Gain on disposal of equity investments at FVTOCI	–	(4)	–	–	(4)
Share settlement of share-based payment awards	–	–	–	4	4
Own shares acquired for employee trusts	–	–	–	(5)	(5)
As at 31 December 2018	(1,182)	4	31	(11)	(1,158)

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 2019, £10m relates to amounts arising on previous net investment hedges (2018: £10m).

Own shares

As at 31 December 2019, the TP ICAP plc EBT (formerly the Tullett Prebon plc Employee Benefit Trust 2007) held 4,535,504 ordinary shares (2018: 2,609,004 ordinary shares) with a fair value of £19m (2018: £8m). During the year the Trust delivered 698,801 shares in satisfaction of vesting share-based awards and purchased 625,301 ordinary shares in the open market at a cost of £7m. In 2018 the Trust purchased 1,025,947 ordinary shares in the open market at a cost of £5m.

Notes to the Consolidated Financial Statements continued

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30. Reconciliation of shareholders' funds continued

(c) Total equity

	Equity attributable to equity holders of the parent					
	Total from Note 30(a) £m	Total from Note 30(b) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
2019						
As at 1 January 2019	**1,542**	**(1,158)**	**1,430**	**1,814**	**16**	**1,830**
Profit for the year	**–**	**–**	**67**	**67**	**1**	**68**
Equity instruments at FVTOCI – net change in fair value	**–**	**1**	**–**	**1**	**–**	**1**
Exchange differences on translation of foreign operations	**–**	**(43)**	**–**	**(43)**	**(1)**	**(44)**
Remeasurement of defined benefit pension schemes	**–**	**–**	**(52)**	**(52)**	**–**	**(52)**
Taxation on components of other comprehensive income	**–**	**–**	**19**	**19**	**–**	**19**
Total comprehensive income	**–**	**(42)**	**34**	**(8)**	**–**	**(8)**
Issue of ordinary shares	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(94)**	**(94)**	**(1)**	**(95)**
Gain on disposal of equity investments at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**
Share settlement of share-based payment awards	**–**	**2**	**(3)**	**(1)**	**–**	**(1)**
Own shares acquired for employee trusts	**–**	**(7)**	**–**	**(7)**	**–**	**(7)**
Non-controlling interests arising on acquisitions	**–**	**–**	**3**	**3**	**3**	**6**
Credit arising on share-based payment awards (Note 31)	**–**	**–**	**5**	**5**	**–**	**5**
As at 31 December 2019	**1,542**	**(1,205)**	**1,375**	**1,712**	**18**	**1,730**
2018						
As at 1 January 2018	1,534	(1,208)	1,494	1,820	13	1,833
Adjustment on initial application of IFRS 9	–	–	(4)	(4)	–	(4)
Profit for the year	–	–	32	32	3	35
Equity instruments at FVTOCI – net change in fair value	–	7	–	7	–	7
Exchange differences on translation of foreign operations	–	48	–	48	1	49
Remeasurement of defined benefit pension schemes	–	–	(2)	(2)	–	(2)
Taxation on components of other comprehensive income	–	–	1	1	–	1
Total comprehensive income	–	55	31	86	4	90
Issue of ordinary shares	8	–	(2)	6	–	6
Dividends paid	–	–	(94)	(94)	(1)	(95)
Gain on disposal of equity investments at FVTOCI	–	(4)	4	–	–	–
Share settlement of share-based payment awards	–	4	(4)	–	–	–
Own shares acquired for employee trusts	–	(5)	–	(5)	–	(5)
Credit arising on share-based payment awards (Note 31)	–	–	5	5	–	5
As at 31 December 2018	1,542	(1,158)	1,430	1,814	16	1,830

31. Share-based awards

Senior Manager Deferred Bonus Plan

Annual awards are made under the Group's Senior Manager Deferred Bonus Plan.

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.

Awards will be settled by the TP ICAP plc Employee Benefit Trust from shares purchased by it in the open market.

	2019 No.	2018 No.
Outstanding at the beginning of the year	**2,888,313**	2,520,855
Granted during the year	**1,965,358**	1,452,545
Forfeited during the year	**(59,350)**	–
Settled during the year	**(698,801)**	(1,085,087)
Outstanding at the end of the year	**4,095,520**	2,888,313

At the year end closing share price of 408.7p the estimated total number of deferred shares for the 2019 bonus year was 1,330,927.

Executive Director Deferred Bonus Plan

Annual awards are made under the Group's Executive Director Deferred Bonus Plan.

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.

	2019 No.	2018 No.
Outstanding at the beginning of the year	**82,000**	–
Granted during the year	**138,510**	243,191
Expired during the year	**–**	–
Forfeited during the year	**–**	(161,191)
Settled during the year	**–**	–
Outstanding at the end of the year	**220,510**	82,000

Awards will be settled by the TP ICAP plc Employee Benefit Trust from shares purchased by it in the open market.

At the year end closing share price of 408.7p the estimated total number of deferred shares for the 2019 bonus year was 378,324.

Transformation Long Term Incentive Plan ('T-LTIP')

The Transformation 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 were allocated between the Executive Directors and members of the Group's Global Executive Committee. Awards are forfeited if a beneficiary leaves the Group, unless explicitly agreed otherwise by the Group's Remuneration Committee. In 2020, following the end of the performance period, the T-LTIP pool will be determined, based on absolute total shareholder return and earnings per share performance, and converted into awards of shares. Any shares awarded 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).

During 2019, as a condition of granting Executive Directors awards under the Group's new Long Term Incentive Plan (see below) their T-LTIP awards were cancelled. The cancellation was treated as a modification resulting in an acceleration of the associated share based expense at that time.

A net share-based credit of £1m arises in 2019 reflecting the accelerated cost from modifying of the Executive Directors awards offset by a credit relating to the forfeiture of awards. As at 31 December 2019 the Group does not expect any awards to vest on completion of the performance period.

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31. Share-based awards continued

Long Term Incentive Plan ('LTIP')

As part of the Directors' Remuneration Policy, approved by shareholders at the May 2019 AGM, a new Long Term Incentive Plan ('LTIP') was introduced for Executive Directors and other senior employees. Awards made to the Executive Directors are up to a maximum of 2.5x base salary. Awards made to senior employees, based on the recommendation of the Chief Executive Officer and subject to approval by the Remuneration Committee, are up to a maximum of 2x base salary. All awards are subject to agreed performance conditions applicable to each grant.

In 2019, shares to a maximum of 1,264,712 were awarded to the Executive Directors. These awards are subject to performance conditions measured over the three year period 2019 to 2021 with 50% of the awards subject to EPS compound annual growth targets and 50% subject to relative total shareholder return targets. Details of the financial targets are set out in the Report of the Remuneration Committee on page 93. No awards were made to senior employees in 2019.

At the end of the performance period, the number of shares vesting will be determined, based on the application of the relevant performance conditions and will be subject to a two year holding period. During the holding period, the shares cannot be sold (other than to cover the cost of any applicable taxes) and will be eligible for dividend equivalence.

Under the Scheme Rules awards may be settled through the issue of new shares, release of treasury shares or using shares purchased in the market.

Special Equity Award Plan

During 2019, a Special Equity Award Plan ('SEAP') was introduced for eligible employees. The Executive Directors are not eligible for awards under this plan. Awards are made to eligible employees based on the recommendation of the Chief Executive Officer and subject to approval by the Remuneration Committee. Awards are subject to the completion of service conditions and the fulfilment of other conduct requirements and vest three years from the date of 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 TP ICAP plc Employee Benefit Trust from shares purchased by it in the open market.

	2019 No.
Outstanding at the beginning of the year	–
Granted during the year	**731,470**
Forfeited during the year	–
Settled during the year	–
Outstanding at the end of the year	**731,470**

	2019 £m	2018 £m
Charge arising from the Senior Manager Deferred Bonus Plan	**5**	5
Charge arising from the Executive Director Deferred Bonus Plan	–	–
Charge arising from the Transformation Long Term Incentive Plan	**(1)**	–
Charge arising from the Long Term Incentive Plan	–	–
Charge arising from the Special Equity Award Plan	**1**	–
	5	5

32. Acquisitions

(a) Acquisition of ClearCompress Limited

In September 2019,the Group acquired 100% of the issued share capital of ClearCompress a provider of algorithm-based compression services for currency swaps. Initial cash consideration was less than £1m. Deferred contingent consideration is payable through to the sixth anniversary of completion. The amount of deferred contingent consideration is dependent upon the performance of the business over that period and has a fair value estimated to be £6m. The actual outcome may differ from this estimate. The initial accounting for the acquisition is provisional due to the proximity to the year end. The estimated fair value of the net liabilities acquired were £1m. Provisional goodwill, representing the value of the established workforce, their accumulated knowledge and ClearCompress's operational processes and procedures, amounted to £7m.

The Group's underlying operating profit and earnings would not have been materially different had ClearCompress been acquired on 1 January 2019.

(b) Finalisation of the acquisition of Axiom

During 2019 the Group finalised the accounting for its acquisition of Axiom Refined Products, LLC, Atlas Commodity Markets, LLC, Atlas Petroleum Markets, LLC, and Atlas Physical Grains, LLC (collectively 'Axiom'), that it acquired in November 2018. The acquisition balance sheet of Axiom was increased by US$3m (£2m) to US$5m (£3m) with a corresponding reduction to goodwill. Cash consideration was US$17m (£13m) with deferred non-contingent consideration of US$3m (£2m) payable over three years. The amount of deferred contingent consideration is dependent upon the performance of the business over the three year period and has a fair value estimated to be US$12m (£10m). The actual outcome may differ from this estimate. Intangible assets, relating to customer relationships, initially estimated to be US$2m (£1m) have been finalised at US$8m (£6m) and will be amortised over 10 years. Goodwill, representing the value of the established workforce and the business's reputation, amounts to US$19m (£16m).

Acquisition costs, included in administrative expenses, amounted to less than £1m in 2018.

(c) 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 amount of deferred consideration payable is dependent upon the performance of each acquisition relative to the performance conditions applicable to that acquisition. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made to profit or loss. The actual outcome may differ from these estimates.

	2019 £m	2018 £m
At 1 January	**41**	31
Acquisitions during the year	**6**	15
Adjustments to deferred consideration charged to the Income Statement	**6**	5
Cash-settled	**(12)**	(3)
Equity-settled	**–**	(8)
Effect of movements in exchange rates	**–**	1
At 31 December	**41**	41
Amounts falling due within one year	**23**	15
Amounts falling due after one year	**18**	26
At 31 December	**41**	41

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33. Reconciliation of operating result to net cash from operating activities

	2019 £m	2018 £m
Operating profit	**142**	93
Adjustments for:		
– Share-based payment charge	**5**	5
– Pension scheme past service and settlement costs	**4**	1
– Depreciation of property, plant and equipment	**13**	13
– Depreciation of right-of-use assets	**21**	–
– Amortisation of intangible assets	**27**	26
– Amortisation of intangible assets arising on consolidation	**42**	40
– Impairment of intangible assets arising on consolidation	**24**	65
– Loss on disposal of property, plant and equipment	**1**	–
– Loss on disposal of associates	**–**	1
– Impairment of associates	**–**	3
– Remeasurement of deferred consideration	**6**	5
– Gain on disposal of available-for-sale investments	**–**	–
– Non-cash movement in FVTPL balances	**–**	–
Operating cash flows before movement in working capital	**285**	252
Increase in trade and other receivables	**(24)**	(37)
Decrease/(increase) in net settlement and trading balances	**8**	(14)
Increase in trade and other payables	**4**	1
Decrease in provisions	**(5)**	(1)
(Decrease)/increase in non-current liabilities	**(2)**	13
Retirement benefit scheme contributions	**(1)**	(1)
Cash generated from operations	**265**	213
Income taxes paid	**(64)**	(30)
Interest paid	**(41)**	(34)
Interest paid – finance leases	**(12)**	–
Cash from operating activities	**148**	149

34. Analysis of net funds

	At 1 January £m	Cash flow £m	Non-cash items £m	Adoption of IFRS 16 £m	Exchange rate movements £m	At 31 December £m
2019						
Cash	**670**	**21**	**–**	**–**	**(13)**	**678**
Cash equivalents	**10**	**(2)**	**–**	**–**	**–**	**8**
Overdrafts	**(13)**	**3**	**–**	**–**	**–**	**(10)**
Cash and cash equivalents	**667**	**22**	**–**	**–**	**(13)**	**676**
Financial investments	**133**	**20**	**–**	**–**	**(5)**	**148**
Total funds	**800**	**42**	**–**	**–**	**(18)**	**824**
Bank loan due within one year	**(52)**	**52**	**–**	**–**	**–**	**–**
Loans from related parties	**–**	**3**	**–**	**–**	**(3)**	**–**
Sterling Notes June 2019	**(80)**	**82**[1]	**(2)**	**–**	**–**	**–**
Sterling Notes January 2024	**(510)**	**97**[1]	**(27)**	**–**	**–**	**(440)**
Sterling Notes May 2026	**–**	**(241)**[1]	**(8)**	**–**	**–**	**(249)**
Lease liabilities	**–**	**33**[1]	**(32)**	**(145)**	**4**	**(140)**
Total debt	**(642)**	**26**	**(69)**	**(145)**	**1**	**(829)**
Total net funds/(debt)	**158**	**68**	**(69)**	**(145)**	**(17)**	**(5)**
2018						
Cash	609	43	(1)	–	19	670
Cash equivalents	13	(3)	–	–	–	10
Overdrafts	–	(13)	–	–	–	(13)
Cash and cash equivalents	622	27	(1)	–	19	667
Financial investments	139	(4)	–	–	(2)	133
Total funds	761	23	(1)	–	17	800
Bank loan due within one year	–	(52)	–	–	–	(52)
Sterling Notes June 2019	(80)	4[1]	(4)	–	–	(80)
Sterling Notes January 2024	(509)	26[1]	(27)	–	–	(510)
Total debt	(589)	(22)	(31)	–	–	(642)
Total net funds	172	1	(32)	–	17	158

1 Principal changes plus payment of interest and debt issue costs where applicable

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 2019 cash and cash equivalents, net of overdrafts, amounted to £676m (2018: £667m). 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 investments comprise short term government securities, term deposits and restricted funds held with banks and clearing organisations.

Non-cash items represent accrued interest, the amortisation of debt issue costs and the impact of IFRS 9's expected credit loss requirements.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

35. Contingent liabilities

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 Tullett Prebon plc, 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. On 26 November 2018, the Court dismissed all of the claims against the TP ICAP defendants and certain other defendants. On 28 January 2019 the Court ordered that a stipulation signed by the Plaintiffs and the TP ICAP defendants meant that the TP ICAP defendants were not required to respond to any Proposed Second Amended Class Action Complaint ('PSAC') that the Plaintiffs were seeking to file. On 3 April 2019 the Plaintiffs filed a PSAC. However the TP ICAP defendants have no obligation to respond. The Plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so. 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 13 (31 December 2018: 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 49m (£11m) (31 December 2018: BRL 67m (£14m)). The Group is the beneficiary of an indemnity from NEX in relation to any outflow in respect of materially all of these Labour claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP. The Company intends to contest liability in each of these matters and to vigorously defend itself. It is not possible to predict the ultimate outcome of these actions.

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 243m (£44m) (31 December 2018: BRL 222m (£45m)). 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.

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. A hearing took place on 18 June 2019 on Defendants motions to dismiss the proceedings. On 14 August 2019 the Dutch Court issued a ruling dismissing ICAP plc from the case entirely but keeping certain claims against IEL relating solely to JPY LIBOR. 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. It is not possible to estimate any potential financial impact in respect of this matter at this time.

(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. On 16 September 2019, the Court granted the Companies' motions to dismiss in their entirety. The plaintiffs have appealed the dismissal to the United States Court of Appeals for the Second Circuit. The Companies intend to contest liability in the matter and to vigorously defend themselves. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

ICAP Securities Limited, Frankfurt branch - Frankfurt Attorney General administrative proceedings

On 19 December 2018, the Attorney General's office of Frankfurt notified ICAP Securities Limited (Frankfurt Branch) ('ISL'), that administrative offence proceedings have been initiated against ISL in connection with criminal investigations into two former employees and a former Director of ISL suspected of aiding and abetting tax evasion for the benefit of a third party between 2007 and 2008. The Attorney General's office is considering imposing a corporate administrative fine against ISL or confiscating the earnings that ISL derived from the underlying alleged criminal conduct by the former employees and former Director. Not all details of the alleged wrongdoing or of the case against ISL are yet available. External lawyers have been instructed to represent ISL and to seek further access to the Attorney General's case file. As a result, it is not possible at this stage to provide a reliable estimate of any potential financial impact on the Group.

General note

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex regulatory, corporate and tax laws and practices of those territories. Accordingly, and as part of its normal course of business, the Group is required to provide information to various authorities as part of informal and formal enquiries or market review.

From time to time the Group's subsidiaries are engaged in litigation in relation to a variety of matters. The Group'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.

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.

In the normal course of business, certain of the Group's subsidiaries enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

36. Short term or low value lease commitments

	2019 £m	2018 £m
Minimum short term and low value lease payments recognised in the income statement	**2**	43
Sub-lease income received	**–**	(1)

At 31 December 2019 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019		2018	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**–**	**–**	33	1
Within two to five years	**–**	**–**	102	1
Over five years	**–**	**–**	176	–
	–	**–**	311	2

At 31 December 2019 the Group had contracted with tenants for the following future minimum lease payments:

	2019		2018	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**–**	**–**	1	–
Within two to five years	**–**	**–**	6	–
Over five years	**–**	**–**	3	–
	–	**–**	10	–

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

37. 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.

	2019 £m	2018 £m
Defined benefit scheme surplus – UK	**–**	55
Defined benefit schemes deficit – Overseas	**(2)**	(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 was a continuing link between benefits and pensionable pay, up to the date the Scheme commenced wind-up. 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.

During 2017, the Trustees of the Scheme purchased a bulk annuity policy with Rothesay Life, 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.

The Scheme is exposed to counterparty risk of Rothesay Life as the insurance policy makes up the majority of Scheme assets. However, the Trustees of the Scheme are currently making arrangements for the transfer of the Scheme's liabilities to the insurer to take on direct responsibility for the provision of benefits. If implemented, this would permanently extinguish the Group's obligation to support the Scheme financially.

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2019 £m	2018 £m
Fair value of Scheme assets	**257**	243
Present value of Scheme liabilities	**(205)**	(188)
Defined benefit scheme surplus - UK	**52**	55
Impact of asset ceiling on UK scheme surplus:		
> Charged to Other Comprehensive Income (remeasurement of defined benefit pension schemes)	**(52)**	–
Recognised in the Consolidated Balance Sheet	**–**	55
Deferred tax liability (Note 21)	**–**	(19)

During 2019 the Trustee commenced proceedings to 'buy-out' the Scheme's liabilities, a process that will enable the Trustee to exchange the Scheme's bulk annuity policy for individual policies issued to, and directly held, by the Scheme's beneficiaries. To proceed with the 'buy-out', the Sponsor and Trustee commenced the wind-up of the Scheme. Prior to this, the Trustee had no right to unilaterally wind-up, or otherwise augment the benefits due to members and based on those limitations the net surplus was recognised in full by the Group. Under UK legislation, once a Scheme commences wind-up, the assets of the Scheme pass unconditionally to the Trustee to enable it to settle the Scheme's liabilities. As a result, the Group has applied the requirements of IFRIC 14, restricting the Group's recognition of the net surplus by applying an asset recognition ceiling. The asset ceiling is recorded in other comprehensive income.

During the wind-up period, the Group will continue to restrict the recognition of the net surplus. During 2019, member benefits have been augmented resulting in a £3m past service cost which has been recorded as an exceptional costs in the Income Statement. Costs associated with the settlement of the Scheme's liabilities are recorded as exceptional costs in the Income Statement. Settlement costs amounted to £1m in 2019.

Following the full settlement of the Scheme's liabilities the Scheme will be wound up and the Sponsor expects to receive the remaining assets. Any repayment received will also be subject to applicable taxes at that time, currently 35%.

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2019 %	2018 %
Key assumptions		
Discount rate	**2.00**	2.70
Expected rate of salary increases	**n/a**	4.75
Rate of increase in LPI pensions in payment[1]	**2.70**	2.40
Inflation assumption	**2.30**	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 31.6 years (2018: 31.4 years) after retirement if they are male and for a further 33.0 years (2018: 32.8 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

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 2019		**257**	**(205)**	**52**
Following a 0.25% decrease in the discount rate	Change	**4.3%**	**5.4%**	**–**
	New value	**268**	**(216)**	**52**
Following a 0.25% increase in the inflation assumption	Change	**1.9%**	**2.4%**	**–**
	New value	**262**	**(210)**	**52**
Life expectancy increases by 3 years	Change	**8.2%**	**10.2%**	**–**
	New value	**278**	**(226)**	**52**

The above analysis does not reflect any inter-relationship between the assumptions.

The above changes have been derived by adjusting the actuarial calculation of the Scheme's liabilities at 31 December 2019 to allow for the assumption change. 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:

	2019 £m	2018 £m
Deemed interest arising on the defined benefit pension scheme surplus	**1**	1
Impact of asset ceiling on UK scheme surplus	**(1)**	–
Recognised in the Consolidated Income Statement	**–**	1
Past service costs	**(3)**	–
Scheme's administrative and settlement costs	**(1)**	(1)
	(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 2019

37. Retirement benefits continued

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2019 £m	2018 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**(1)**	(2)
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**23**	(9)
Actuarial (losses)/gains arising from changes in financial assumptions	**(23)**	11
Actuarial losses arising from changes in demographic assumptions	**–**	(1)
Actuarial gains/(losses) arising from experience adjustments	**1**	(1)
Remeasurement of the defined benefit pension scheme	**–**	(2)

Movements in the present value of the Scheme liabilities were as follows:

	2019 £m	2018 £m
At 1 January	**(188)**	(203)
Deemed interest cost	**(5)**	(5)
Past service cost	**(3)**	–
Actuarial (losses)/gains arising from changes in financial assumptions	**(23)**	11
Actuarial losses arising from changes in demographic assumptions	**–**	(1)
Actuarial gains/(losses) arising from experience adjustments	**1**	(1)
Benefits paid/transfers out	**13**	11
At 31 December	**205**	(188)

Movements in the fair value of the Scheme assets were as follows:

	2019 £m	2018 £m
At 1 January	**243**	260
Deemed interest income	**6**	6
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**(1)**	(2)
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**23**	(9)
Benefits paid/transfers out	**(13)**	(11)
Administrative and settlement costs	**(1)**	(1)
At 31 December	**257**	243

The major categories and fair values of the Scheme assets as at 31 December were as follows:

	2019 £m	2018 £m
Cash and cash equivalents	**2**	3
Government bonds	**52**	51
Insurance policies	**202**	188
Other receivables	**1**	1
At 31 December	**257**	243

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.

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 2019 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 £17m (2018: £15m), of which £8m (2018: £8m) related to overseas schemes.

As at 31 December 2019, there was £1m outstanding in respect of the current reporting year that had not been paid over to the schemes (2018: £1m).

38. 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 2019, which also represent the value of transactions during the year, are set out below:

	Amounts owed by related parties		Amounts owed to related parties	
	2019 £m	2018 £m	2019 £m	2018 £m
Associates	**3**	3	**–**	–
Joint ventures	**–**	1	**(3)**	(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.

During the year, less than £1m of interest was paid on loans from 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 87 to 93.

	2019 £m	2018 £m
Short term benefits	**6**	3
Social security costs	**1**	–
	7	3

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2019

39. Principal subsidiaries

At 31 December 2019, 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 184 to 191. 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 Corretora de Valores e Cambio Ltda	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%
	iSwap Limited	50.1%
	The Link Asset and Securities Company Limited	100%
	Tullett Prebon (Europe) Limited	100%
	Tullett Prebon (Securities) Limited	100%
	PVM Oil Futures Limited	100%
	Coex Partners Limited	100%
France	TP ICAP (Europe) S.A.	100%
Guernsey (operating in England)	Tullett Prebon Information Limited	100%
Hong Kong	ICAP (Hong Kong) 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	80%
Singapore	ICAP (Singapore) Pte Limited (formerly ICAP AP (Singapore) Pte. Limited)	100%
	TP ICAP Management Services (Singapore) Pte. Ltd.	100%
	Tullett Prebon Energy (Singapore) Pte. Ltd.	100%
	Tullett Prebon (Singapore) Limited	100%
	PVM Oil Associates Pte. Ltd.	100%
UAE	TP ICAP (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%
	Coex Partners Inc	100%
	Tullett Prebon Information Inc	100%

1 31 March year end due to operational reasons.

As at 31 December 2019, £18m (2018: £16m) 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 30(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.

Company Balance sheet

as at 31 December 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Investment in subsidiary undertakings	4	**2,935**	2,681
Trade and other receivables	5	**23**	343
		2,958	3,024
Current assets			
Trade and other receivables	5	**35**	23
Cash and cash equivalents		**23**	3
		58	26
Total assets		**3,016**	3,050
Current liabilities			
Trade and other payables	6	**(106)**	(74)
Interest bearing loans and borrowings	8	**(11)**	(144)
		(117)	(218)
Net current liabilities		**(59)**	(192)
Total assets less current liabilities		**2,899**	2,832
Non-current liabilities			
Interest bearing loans and borrowings	8	**(678)**	(498)
Other long term payables	7	**(6)**	(13)
		(684)	(511)
Total liabilities		**(801)**	(729)
Net assets		**2,215**	2,321
Capital and reserves			
Share capital	9	**141**	141
Share premium		**17**	17
Merger reserve		**1,262**	1,262
Own shares		**(16)**	(11)
Profit and loss account		**811**	912
Total equity		**2,215**	2,321

The Company reported a loss for the financial year ended 31 December 2019 of £9m (2018: profit of £66m).

The Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 10 March 2020 and are signed on its behalf by

Nicolas Breteau
Chief Executive Officer

Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Profit and loss account £m	Total equity £m
			Note 9			
2019						
Balance at 1 January 2019	**141**	**17**	**1,262**	**(11)**	**912**	**2,321**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Dividends paid	**–**	**–**	**–**	**–**	**(94)**	**(94)**
Share settlement of share-based payment awards	**–**	**–**	**–**	**2**	**(3)**	**(1)**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(7)**	**–**	**(7)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**5**	**5**
Balance at 31 December 2019	**141**	**17**	**1,262**	**(16)**	**811**	**2,215**
2018						
Balance at 1 January 2018	139	17	1,256	(10)	941	2,343
Profit and total comprehensive income for the year	–	–	–	–	66	66
Issue of ordinary shares	2	–	6	–	(2)	6
Dividends paid	–	–	–	–	(94)	(94)
Share settlement of share-based payment awards	–	–	–	4	(4)	–
Own shares acquired for employee trusts	–	–	–	(5)	–	(5)
Credit arising on share-based awards	–	–	–	–	5	5
Balance at 31 December 2018	141	17	1,262	(11)	912	2,321

Notes to the Financial Statements

for the year ended 31 December 2019

1. Basis of preparation

The Company is a public company limited by shares and prepares its accounts in accordance with the requirements of FRS 101 'Reduced Disclosure Framework'.

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 33 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, fair value measurements, reserve 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. Estimation is required when determining the realisable value of investment.

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 TP ICAP plc Employee Benefit Trust 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 5 to the Consolidated Financial Statements. The Company has no employees (2018: nil). Information about individual Directors is provided in the audited part of the Report on Directors' Remuneration on pages 87 to 93.

4. Investment in subsidiary undertakings

	2019 £m	2018 £m
Cost		
At 1 January	**2,681**	2,595
Capital contribution arising on share-based awards	**5**	5
Increase in investment in subsidiary undertaking	**419**	81
Transfer from immediate subsidiary undertaking	**384**	595
Transfer to immediate subsidiary undertaking	**(384)**	(595)
Impairment in subsidiary undertaking	**(170)**	–
At 31 December	**2,935**	2,681

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in the 'Group Undertakings' section of this Annual Report on pages 184 to 191.

The investments in subsidiary undertakings are stated at cost less impairment.

Determining whether the carrying value of investments in subsidiaries is impaired requires an estimation of the recoverable amount of each subsidiary. The recoverable amount is the higher of value in use ('VIU') or its net realisable value ('NRV'). Value in use requires estimation of future cash flows expected to arise, the selection of suitable discount rates and the estimation of future growth rates. Future projections are based on the most recent projections considered by the Board which are used to project future pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for each subsidiary. Net tangible assets is used as a proxy for NRV.

Notes to the Financial Statements continued

for the year ended 31 December 2019

4. Investment in subsidiary undertakings continued

As at 31 December 2019, effective growth rate was 1.8% over a five year projected period, with effective pre tax discount rates of 12%. During the year the carrying value of investments has been impaired by £170m. Further impairment would be required if there are changes to applicable assumptions. A 1% increase in the discount rate would result in a further impairment of £130m and a reduction of 0.5% in effective growth rates would increase the charge by £64m.

No deferred tax has been recognised on temporary differences associated with unremitted earnings as these are exempt from UK tax.

5. Trade and other receivables

	2019 £m	2018 £m
Non-current receivables		
Amounts owed by Group undertakings[1]	**23**	343
Current receivables		
Amounts owed by Group undertakings[2]	**20**	5
Corporation tax	**13**	16
Prepayments and accrued income	**2**	2
	35	23

1 Amounts receivable under loan notes.
2 Amounts receivable on demand.

6. Trade and other payables

	2019 £m	2018 £m
Accruals and deferred income	**1**	2
Amounts due to Group undertakings[1]	**89**	62
Deferred consideration	**16**	10
	106	74

1 Repayable on demand

7. Other long term payables

	2019 £m	2018 £m
Deferred consideration	**–**	13
Amounts owed to Group undertakings	**6**	–
	6	13

8. Interest bearing loans and borrowings

	Less than one year £m	Greater than one year £m	Total £m
2019			
Sterling Notes January 2024	**10**	**430**	**440**
Sterling Notes May 2026	**1**	**248**	**249**
	11	**678**	**689**
2018			
Bank loan	52	–	52
Sterling Notes June 2019	80	–	80
Sterling Notes January 2024	12	498	510
	144	498	642

Bank credit facilities and bank loans

In December 2019 the Company extended its £270m committed revolving facility, that would have matured in December 2021. The new maturity of the facility is December 2022. Facility commitment fees of 0.8% on the undrawn balance are payable on the new facility, reduced from 1.0% that were payable on the cancelled facility. Arrangement fees of £3m were incurred in 2018 and will be amortised over the maturity of the new facility.

As at 31 December 2019, the £270m revolving credit facility was undrawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling and their carrying amount approximated to their fair value.

Interest and facility fees of £3m were incurred in 2019.

Loans from related parties
In April 2019 the Group borrowed Yen 5bn (£35m) due 30 September 2019 from a related party. The loan had a coupon of 6 month TIBOR + 2.25%. The loan was repaid in September 2019 resulting in a payment of £38m plus interest of less than £1m. The Group held an associated foreign exchange derivative at FVTPL which resulted in a £3m inflow.

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.

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. In 2019 the Group repurchased Notes with a par value £69m for £72m including accrued interest. At 31 December 2019 the fair value of the Notes (Level 1) was £475m.Accrued interest at 31 December 2019 amounted to £10m (2018: £10m). Issue costs of £3m were incurred in 2017.

Sterling Notes: Due May 2026
In May 2019 the Group issued £250m unsecured Sterling Notes due May 2026. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2019 the fair value of the Notes (Level 1) was £270m. Accrued interest at 31 December 2019 amounted to £1m. Issue costs of £1m were incurred in 2019.

9. Share capital and reserves

	2019 No.	2018 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**563,336,380**	563,336,380
	563,336,380	563,336,380

The movement in the number of shares during the year is shown in Note 29 to the Consolidated Financial Statements.

	2019 £m	2018 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**141**	141

On 26 March 2018 the Group issued 9,203,709 ordinary shares in settlement of deferred consideration and acquisition related share-based payment obligations relating to the Group's 2014 purchase of PVM Oil Associates Limited and its subsidiaries.

Descriptions of the merger reserve and own shares, together with the movements in those reserves, are disclosed in Note 30 to the Consolidated Financial Statements.

The distributable reserves of the Company at 31 December 2019 were £743m (2018: £849m), representing the balance on the Profit and loss account, less cumulative unrealised credits in respect of share-based payment awards.

10. Contingent liabilities
In the normal course of business the Company enters into arrangements with certain of its undertakings to enable those entities to meet their liabilities as and when they fall due. Such arrangements are for a period of no more than two years.

Shareholder Information

Financial calendar
Preliminary Results – 10 March 2020
Ex-dividend date for final dividend – 2 April 2020
Record date for final dividend – 3 April 2020
Final date for Dividend Reinvestment Plan election – 27 April 2020
Annual General Meeting – Wednesday 13 May 2020 at 2.15pm
Final dividend payment date (if dividend approved at AGM) – 19 May 2020

Dividends
See page 1 for details on the dividend amount per share.

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, where your dividend can be reinvested in further TP ICAP plc shares through a specially arranged share dealing service. For further information contact Link Asset Services, whose contact details are set out below.

Shareholder information on the internet
The Company maintains an investor relations page on its website, www.tpicap.com, which allows access to both current and historic share price information, Directors' biographies, copies of Company reports, selected press releases and other useful investor information.

Registrar
Link Asset Services act as the Company's registrars. As such administrative queries regarding your shareholding (including notifying a change of name or address, queries regarding dividend payments and the DRIP scheme, etc) are best directed to Link Asset Services who can be contacted at:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Email: enquiries@linkgroup.co.uk
Telephone: 0871 664 0300[1]
From overseas[1]: +44 (0) 371 64 0300

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.

Many of our shareholders find that the easiest way to manage their shareholdings is online, using the free, simple and secure service provided by the Company's registrar, Link Asset Services. To access and maintain your shareholding online, please register at www.signalshares.com

Shareholder security
TP ICAP encourages all shareholders to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company annual reports. If you receive any unsolicited investment advice, whether over the telephone, through the post or by email, you should;

> Make sure you note the name of the organisation and, if possible, the name of the individual contacting you.
> Check they are properly authorised by the FCA by visiting https://register.fca.org.uk/ and www.fca.org.uk/consumers/report-scam-unauthorised-firm.

Any details of share dealing facilities that TP ICAP endorses will be included in the Company's mailings.

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
1 New Street Square
London EC4A 3HQ
United Kingdom
www.deloitte.com

Registered office
TP ICAP plc
Floor 2, 155 Bishopsgate
London EC2M 3TQ
United Kingdom

Telephone: +44 (0)20 7200 7000
Website: www.tpicap.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 2019 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	Footnote	Registered office address
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 Futures (Australia) Pty Ltd	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Tullett Prebon (Australia) Pty Limited	Australia			Level 29, 9 Castlereagh Street, Sydney NSW 2000, Australia
PVM Data Services GmbH	Austria			Euro Plaza–Building G, Am Euro Platz 2, 1120 Vienna, Austria
ICAP (Middle East) W.L.L.	Bahrain	49%		PO Box 5488, 43rd Floor, 4301, West Tower, Bahrain Financial Harbour, Bahrain
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
PVM Oil Associates Ltd	Bermuda			Cumberland House, 9th Floor, 1 Victoria Street, Hamilton, HM11, Bermuda
ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda	Brazil			Avenida das Américas, 3.500, Ed. Londres, 2º andar, Barra da Tijuca, Rio de Janeiro-RJ, CEP 22640-102–Brasil
ICAP do Brasil Participações Ltda	Brazil			Avenida das Américas, 3.500, Ed. Londres, 2º andar, Barra da Tijuca, Rio de Janeiro-RJ, CEP 22640-102–Brasil
Tullett Prebon Brasil Corretora de Valores e Câmbio Ltda.	Brazil			Rua São Tomé, 86, 21º andar, Vila Olímpia, São Paulo-SP, CEP 04551-030–Brasil
Tullett Prebon Holdings Do Brasil Ltda.	Brazil			Rua São Tomé, 86, 21º andar, Vila Olímpia, São Paulo-SP, CEP 04551-030–Brasil
Catrex Limited	British Virgin Islands			Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
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
PVM Oil Associates Canada Ltd	Canada			400 3rd Avenue SW, Suite 3700, Calgary, AB T2P 4H2, Canada
Tullett Prebon Americas Corp., Toronto Branch	Canada			1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
Tullett Prebon Canada Limited	Canada			1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, 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
Enmore Commodity Brokers (Shanghai) Co. Ltd.	China	49%		Room 720, Building 3, No. 999 Jinzhong Road, Changning District, Shanghai, China
ICAP Shipping (Shanghai) Co,. Ltd.	China			Unit 2547, 25/F One Prime, 1361 North Sichuan Road, Hongkou District, Shanghai, China
Prebon Yamane International Limited, Shanghai Representative Office	Operating in China			Room 1002, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China
Tullett Prebon SITICO (China) Limited	China	33%	16	Room 1002, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China
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–Oficina 403, Bogotá, Colombia

Company name	Country of incorporation	Interest	Footnote	Registered office address
SET-ICAP Securities S.A.	Colombia	47.4%		Carrera 11 No. 93-46–Oficina 403, Bogotá, Colombia
TP ICAP (Europe) S.A., Danish Branch	Operating in Denmark			Rentemestervej 14, Copenhagen NV, DK-2400, Denmark
ICAP del Ecuador S.A.	Ecuador			Eloy Alfaro 2515 y Catalina Aldáz, Quito, Ecuador
TP ICAP (Europe) SA	France			89/91 rue de faubourg, Saint Honore, 75008 Paris, France
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 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
Intermoney AP & Co. Geld-und Eurodepotmakler OHG	Germany	75%	2	Stephanstrasse 3, 60313 Frankfurt am Main, Germany
TP ICAP (Europe) S.A., 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
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			Third floor, Cambridge House, Le Truchot, St Peter Port, GY1 1WD, Guernsey
ICAP (Hong Kong) Limited	Hong Kong			21/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong
ICAP Securities Hong Kong Limited	Hong Kong			21/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong
TP ICAP Management Services (Hong Kong) Limited	Hong Kong			21/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong
Tullett Prebon (Hong Kong) Limited	Hong Kong		15	21/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong
Tullett Prebon Asia Group Limited	Hong Kong			21/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong
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
P.T. Inti Tullett Prebon Indonesia	Indonesia	57.52%		Menara Dea, Tower 2, 12th floor–Suite 1202, Mega Kuningan area, Jalan Mega Kuningan Barat Kav. E4.3 No. 1-2, Jakarta 12950
PT ICAP Indonesia	Indonesia	99%	1	Menara Dea Tower II 12th Floor, Kawasan Mega Kuningan, Jl. Mega Kuningan Barat Kav. E4.3, Jakarta 12950, Indonesia
Central Totan Securities Co. Ltd	Japan	20%		4-4-10, Nihonbashi Muromachi, Chuo-ku, Tokyo 103-0022 Japan
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
tpSEF Inc., 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	80%		Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
Tullett Prebon ETP (Japan) Ltd	Japan	80%		Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
M.W. Marshall (Overseas) Limited	Jersey			Level 1, IFC 1 Esplanade, St Helier, JE2 3BX, Jersey
Prebon Marshall Yamane (C.I.) Limited	Jersey			Level 1, IFC 1 Esplanade, St Helier, JE2 3BX, Jersey

Group undertakings continued

Company name	Country of incorporation	Interest	Footnote	Registered office address
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
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
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
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
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
ICAP Energy AS, Netherlands Branch	Operating in The Netherlands			Vijzelstraat 68, office 109, 1017HL Amsterdam, the Netherlands
ICAP Energy Limited, Netherlands Branch	Operating in The Netherlands			Vijzelstraat 68, office 109, 1017HL Amsterdam, the Netherlands
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
iSwap Euro B.V.	Netherlands	50.1%		Vijzelstraat 68, office 109, 1017HL Amsterdam, the Netherlands
Prebon Holdings B.V.	Netherlands			Telestone 8–Teleport, Naritaweg 165, 1043 BW, Amsterdam, Netherlands
TP ICAP (Europe) S.A., Netherlands Branch	Operating in The Netherlands			Vijzelstraat 68, office 109, 1017HL Amsterdam, the Netherlands
Tullett Liberty B.V.	Netherlands			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, 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

Company name	Country of incorporation	Interest	Footnote	Registered office address
ICAP Energy Limited, Norway Branch	Operating in Norway			Storetveitvegen 96, 5072 Bergen, Norway
TP ICAP (Europe) S.A., 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			14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
ICAP Philippines Inc.	Philippines	99.90%	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%		14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
Tullett Prebon (Polska) S.A.	Poland		1	00-684 Warszawa, ul. Wspólna 47/49, Poland
ICAP (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
ICAP Energy (Singapore) Pte Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
Noranda Investments Pte Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
PVM Oil Associates Pte. Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
PVM Oil Futures Pte. Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
TP ICAP Holdings (Singapore) Pte. Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
TP ICAP Management 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
Tullett Prebon Energy (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #41-00, 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			3rd Floor, Fredman Towers, 13 Fredman Drive, Sandton 2196, Gauteng, 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
TP ICAP (Europe) S.A., Madrid Branch	Operating in Spain			Paseo de la Castellana, edificio Torre Europa Pl 10B, 28046 Madrid, Spain
Tullett Prebon (Europe) Limited, Spanish Branch	Operating in Spain			Torre Europa, Paseo de la Castellana 95, planta 10, 28046 Madrid, Spain
Cosmorex AG	Switzerland			Zürcherstrasse 66, 8800 Thalwil, Switzerland
ICAP Energy Suisse S.A.	Switzerland		1	Lavaterstrasse 40, C/o Pannell Ker Forster AG, 8002 Zurich, 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

Group undertakings continued

Company name	Country of incorporation	Interest	Footnote	Registered office address
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	99.96%	8	No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
Altex-ATS Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Automated Confirmation Service Limited	UK	75.75%		ISIS Building, Marsh Wall, London, E14 9SG, England
ClearCompress Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Cleverpride Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Coex Partners Limited	UK		5	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Emsurge Limited	UK	20%		1 Garrick Close, Hersham, Walton-On-Thames, United Kingdom, KT12 5NY
Exco Bierbaum AP Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco International Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco Nominees Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco Overseas Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban Group Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban International	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital (2001) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital US Investments (Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital US Investments (No 1) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Glia Ecosystems Limited	UK	20%		4 Claridge Court, Lower Kings Road, Berkhamsted, Hertfordshire, England, HP4 2AF
Harlow (London) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP America Investments Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Corporates LLC, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Energy Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Europe Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Global Broking Finance Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Global Broking Holdings Limited	UK		5	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Global Broking Investments	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Global Derivatives Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Holdings (Asia Pacific) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England

Company name	Country of incorporation	Interest	Footnote	Registered office address
ICAP Holdings (EMEA) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Holdings (Latin America) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Holdings (UK) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Information Services Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Management Services Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Securities Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Securities USA LLC, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP UK Investments No. 1	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP UK Investments No. 2	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP US Holdings No 1 Limited, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP US Holdings No 2 Limited, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP WCLK Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
iSwap Euro Limited	UK	50.1%		Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
iSwap Euro B.V., UK Branch	Operating in UK	50.1%		Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
iSwap Limited	UK	50.1%	9	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
LiquidityChain Limited	UK	85%	3, 4	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Patshare Limited	UK	50%	3	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Group Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Yamane International Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
PVM Oil Futures Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
PVM Smart Learning Limited	UK	50%		1 The Lockers, Bury Hill, Hemel Hempstead, England, HP1 1SR
The Link Asset and Securities Company Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
TP Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
TP ICAP (Europe) S.A., UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
TP ICAP Group Services Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (European Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (Futures Holdings) Limited	UK		17	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England

Group undertakings continued

Company name	Country of incorporation	Interest	Footnote	Registered office address
Tullett Prebon (Equities) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon (Europe) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon (No. 3) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon (Securities) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon (UK) Limited.	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Administration Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Group Holdings plc	UK		5	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Information Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Investment Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Latin America Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Pension Trustee Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
PVM Oil Associates Ltd, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Zodiac Seven Limited	UK	41.3%		71-75 Shelton Street, Covent Garden, London, WC2H 9JQ
TP ICAP (Dubai) Limited	United Arab Emirates			Unit 107 & 108, Level 1, Gate Village Building 1, DIFC, PO Box 506787, Dubai, UAE
Atlas Commodity Markets, LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Atlas Physical Grains, LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Axiom Refined Products LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Coex Partners Inc.	US			1209 Orange Street, Wilmington, Delaware, 19801, United States
Exco Noonan Pension LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, 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	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Corporates LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Energy LLC	US			9931 Corporate Campus Drive, Suite 2400, Louisville, Kentucky, 40223, United States
ICAP Futures Holdings Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Global Broking Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Information Services Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Media LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Merger Company LLC	US		6	80 State Street, Albany NY 12207, United States
ICAP North America Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States

Company name	Country of incorporation	Interest	Footnote	Registered office address
ICAP Securities USA LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP SEF (US) LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Services North America LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Spot USA LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP United Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP US Financial Services LLC	US		7	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
iSwap US Inc.	US	50.1%		251 Little Falls Drive, Wilmington, Delaware, 19808, United States
M.W. Marshall Inc.	US			80 State Street, Albany, NY 12207, United States
PVM Futures Inc.	US			Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey, 08628, United States
PVM Oil Associates Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
PVM Petroleum Markets LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Revelation Holdings, Inc.	US		18	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
SCS Energy Corp.	US			80 State Street, Albany, NY 12207, United States
SCS OTC Corp.	US			80 State Street, Albany, NY 12207, United States
TP ICAP Americas Holdings 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 Corp.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Financial Services LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Information Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Wrightson ICAP LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States

Footnotes
1 In liquidation/dissolution
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 Voting, CM, DM and 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 Group B ordinary shares
17 Dissolved after 31 December 2019
18 Class A, Class B and Class C common shares

Glossary

Act
The Companies Act 2006

AGM
Annual General Meeting

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 2018

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

EDC
Executive Director Committee

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

Governance Manual
TP ICAP plc Group Governance Manual

GEC
Group Executive Committee of TP ICAP plc

GRCCC
Group Risk Culture and Conduct 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

s/172
Section 172 of the Companies Act 2006

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

luminous
Consultancy, design and production
www.luminous.co.uk

TP ICAP plc
Floor 2
155 Bishopsgate
London
EC2M 3TQ
United Kingdom

www.tpicap.com