



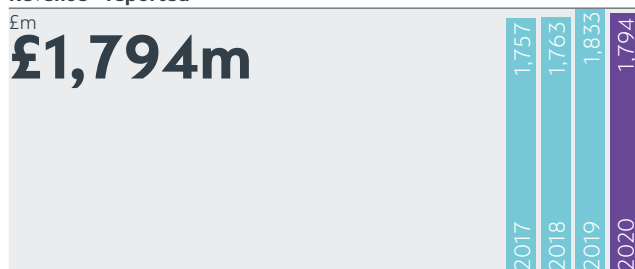
# Modernising markets

Annual Report and Accounts 2020

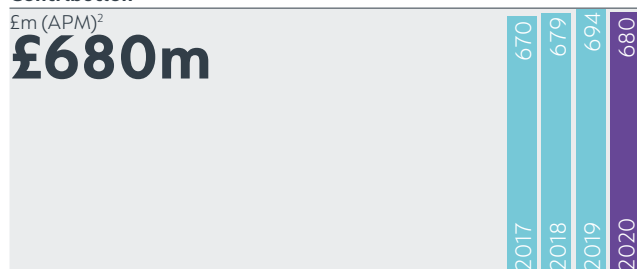


# 2020 highlights

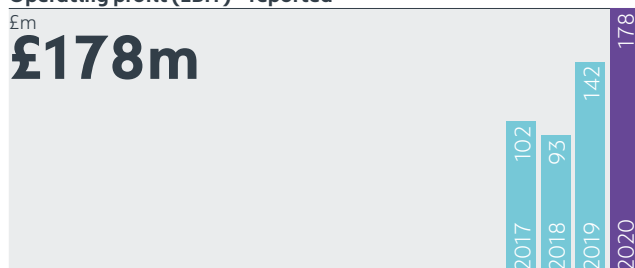
## Revenue – reported



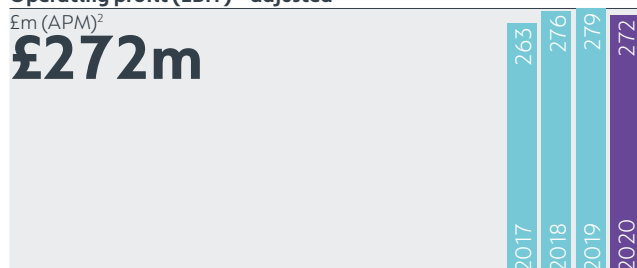
## Contribution



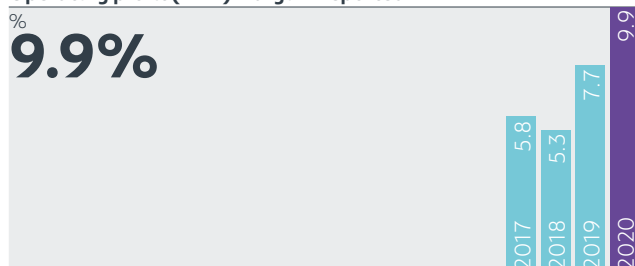
## Operating profit (EBIT) – reported



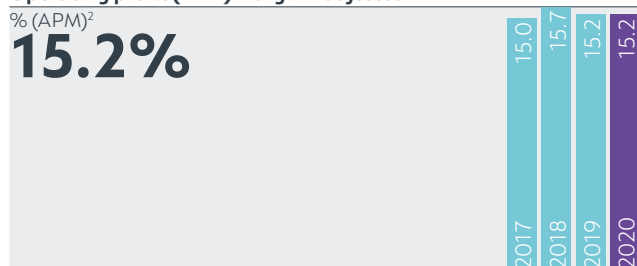
## Operating profit (EBIT) – adjusted<sup>1</sup>



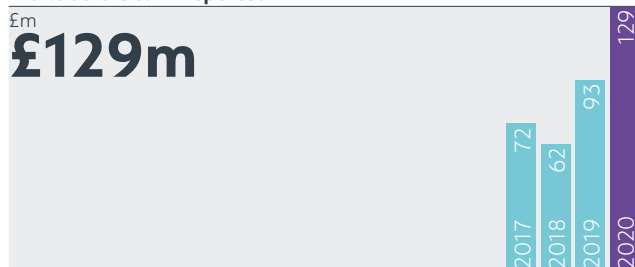
## Operating profit (EBIT) margin – reported



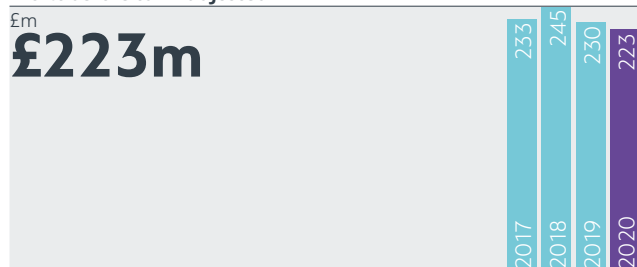
## Operating profit (EBIT) margin – adjusted<sup>1</sup>



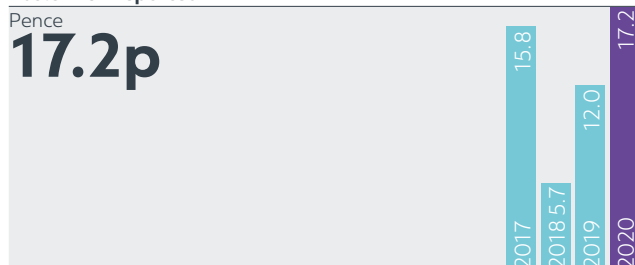
## Profit before tax – reported



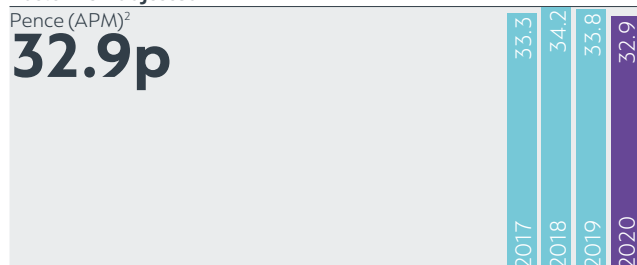
## Profit before tax – adjusted<sup>1</sup>



## Basic EPS – reported



## Basic EPS – adjusted<sup>1</sup>



1 Adjusted results represent the results excluding significant items. Please refer to page 34 of the Annual Report.

2 Alternative Performance Measures ('APM') are defined and explained on pages 200 to 202.

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**Operational performance:**

- > Delivered a solid financial performance, demonstrating our strong operational capability and the growing success of our diversification strategy, against the difficult macroeconomic backdrop and reduced secondary volumes in the wider interdealer broker market.
- > Revenue of £1,794m marginally declined 2% on a reported basis (1% at constant currency<sup>1</sup>).
- > Diversified revenue<sup>1</sup> increased 6% (2019: 16%).
- > Reported operating profit was 25% higher than 2019. Adjusted was 3% lower, as lower revenues were only partially offset by tight cost discipline.
- > Global Broking revenue decreased by 6% (5% lower at constant currency), as despite a strong first quarter, volumes shrunk as client appetite for risk decreased.
- > Energy & Commodities revenue increased 2% on a reported basis (3% higher at constant currency) with good growth in the majority of products, boosted by strategic hires.
- > Institutional Services revenue increased 21% on a reported and a constant currency basis, as the business benefited from investment in talent and enhanced asset classes and geographic coverage.
- > Data & Analytics revenue increased 7% on a reported basis (9% at constant currency), capitalising on the launch of new, higher-value products, whilst growing and deepening its client base.

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**Strategic highlights:**

- > Adapted our business quickly to manage the pandemic by deploying new workflows. Protecting our employees' welfare enabled us to provide seamless client service, and to maintain a strong balance sheet.
- > Announced the transformational acquisition of Liquidnet, an electronic, buy-side focused trading network, expected to be completed by the end of Q1 2021, after the successful completion of our £315m rights issue.
- > Continued to invest in and execute our electronification and aggregation strategy, while diversifying and growing our non-Global Broking businesses.
- > Enhanced the enablers of our strategy, including a new Global Risk Framework and implementing a new ESG Reporting Framework.

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**Dividend:**

- > Interim dividend per share (DPS) of 4p (rebased to take into account the bonus element of the rights issue completed in February 2021) paid on 6 November 2020.
- > Final dividend recommended of 2p due to be paid on 18 May 2021.
- > Total DPS in respect of 2020: 6p (rebased to take into account the bonus element of the rights issue completed in February 2021) (2019: 12p), a one-off 50% reduction year-on-year, to help fund the Liquidnet acquisition and minimise dilution of earnings on a per share basis.

1 Alternative Performance Measures ('APM') are defined and explained on pages 200 to 202.



# Contents

## Strategic report

- 1 Introduction
- 2 At a glance
- 4 How we transact
- 6 Our business model
- 8 Investment case
- 9 Board Chair's statement
- 12 Chief Executive Officer's review
- 18 Market factors
- 20 Strategy
- 26 Key performance indicators
- 28 Financial and operating review
- 43 Viability statement and going concern
- 44 Risk management
- 46 Principal risks and uncertainties
- 50 Environmental, Social and Governance
- 61 Section 172

## Governance report

- 62 Compliance with the UK Corporate Code 2018 and section 172
- 64 Board Chair's introduction to governance
- 66 Board of Directors
- 68 Corporate governance report
- 72 How the Board has satisfied its section 172 duty
- 81 Report of the Nominations & Governance Committee
- 84 Report of the Audit Committee
- 89 Report of the Risk Committee
- 92 Report of the Remuneration Committee
- 109 Directors' report
- 113 Statement of Directors' responsibilities

## Financial statements

- 114 Independent Auditor's Report to the Members of TP ICAP Limited
- 124 Consolidated Income Statement
- 125 Consolidated Statement of Comprehensive Income
- 126 Consolidated Balance Sheet
- 127 Consolidated Statement of Changes in Equity
- 128 Consolidated Cash Flow Statement
- 129 Notes to the Consolidated Financial Statements
- 183 Company Balance Sheet
- 184 Company Statement of Changes in Equity
- 185 Notes to the Company Financial Statements
  
- 189 TP ICAP Group plc Shareholder Information
- 191 Group undertakings
- 200 Appendix – Alternative Performance Measures
- 203 Appendix – Annual Report and Financial Statements of TP ICAP Group plc
- 212 Glossary



## More about our performance and our business

> [Investor presentations](#)

> [Latest news](#)

> [Careers](#)

[tpicap.com](https://tpicap.com)

## Cautionary Statement

This Annual Report has been prepared for, and only for, the sole member 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.

## Legal Statement

In December 2019, the TP ICAP Group announced its intention to put in place a new Jersey-incorporated, United Kingdom tax resident parent company by means of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the Scheme). The Scheme became effective on 26 February 2021 and, as a result, TP ICAP Group plc became the new parent company of the Group.

Shortly after the Scheme became effective, the former parent company of the Group, TP ICAP plc, changed its status to a private company and was renamed TP ICAP Limited. The Non-executive Directors (including the Chairman) of TP ICAP plc were also appointed as Non-executive Directors of TP ICAP Group plc with effect from the Scheme effective date (the Executive Directors were already appointed to the Board of TP ICAP Group plc). Members of the committees of the Board of TP ICAP plc were also appointed as members of the equivalent committees of the Board of TP ICAP Group plc on the Scheme effective date.

As the Scheme became effective after the financial year ended 31 December 2020, the financial statements included in this annual report are the consolidated financial statements of TP ICAP Limited, the parent of the Group as at that year end, rather than the consolidated financial statements of the current parent, TP ICAP Group plc. The financial statements of TP ICAP Group plc for the financial year ended 31 December 2020 (i.e. before the Scheme became effective and TP ICAP Group plc became the holding company of the Group) can be found in an appendix to these financial statements.

The Directors have prepared the Annual Report of TP ICAP Limited as if it remained quoted on the date of approval on the financial statements, including the relevant disclosures required by the UK Listing Authority's Disclosure Guidance and Transparency Rules ('DTR'). With the exception of the Scheme, and TP ICAP Group plc becoming the new parent of the Group, the Group remains fundamentally unchanged and, therefore, there is no direct effect on the forward-looking, going concern and long term viability disclosures for the Group. The effect on the going concern assessment for the Company Only financial statements of TP ICAP Limited is disclosed on page 43.

Unless expressly set out or the context otherwise requires or suggests, references to 'TP ICAP' in this Annual Report, other than in the financial statements of TP ICAP Limited, are to TP ICAP plc before the Scheme became effective and to TP ICAP Group plc on and after the scheme became effective. Similarly, references to 'the Group' are to TP ICAP Limited and its subsidiaries before the Scheme became effective and to TP ICAP Group plc and its subsidiaries on and after the Scheme became effective.

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

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

# At a glance

## Our brands

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

## Trusted worldwide

Our business is organised into four operating divisions across three regions. Our divisions have a portfolio of highly respected brands.

### Global Broking

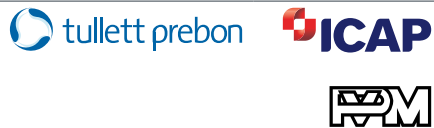


### Americas revenue<sup>1</sup>

**£670m**  
(2019: £687m)

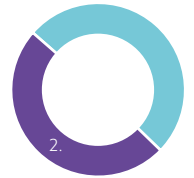


### Energy & Commodities



### EMEA revenue<sup>2</sup>

**£888m**  
(2019: £900m)

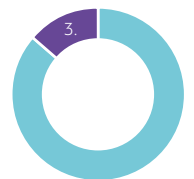


### Institutional Services



### Asia Pacific revenue<sup>3</sup>

**£236m**  
(2019: £246m)



### Data & Analytics



**Our purpose**

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 people**

Our people utilise their skills and experience, combined with a strong technology offering, to work in close partnership with a diverse range of clients.

We continually enhance our services and our operations as our clients' needs and preferences change and as markets and the regulatory environment evolve.

**Our vision**

To be the most trusted and respected data and market execution provider

in the financial, energy and commodities markets in which we transact.

**Our values**

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

### 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.

### TP ICAP

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.

### TP ICAP

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.

**TP ICAP**

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 provide 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.

**TP ICAP**

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.**



**Read more about how we transact in our business model on pages 6 and 7.**

# Our business model

## Who we are

We operate at the centre of global wholesale OTC and exchange-traded markets.

We provide broking services, including facilitating price discovery and execution, to counterparties operating in the world's major wholesale OTC and exchange-traded financial and commodity markets.

We also provide independent data and analytics products to participants in the financial, energy and commodities markets, including live and historical pricing content, as well as advanced valuation and risk analytics.

## How we are organised

Our business is organised into five divisions, across three regions (Americas, EMEA, Asia Pacific).

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. In 2020, Global Broking generated 65% of total Group revenues.

### Energy & Commodities

Our Energy & Commodities division services markets in oil, gas, power, renewables, other energy-related products, precious and non-precious metals and soft commodities. In 2020, Energy & Commodities generated 22% of total Group revenues.

### 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. In 2020, Institutional Services generated 5% of total Group revenues.

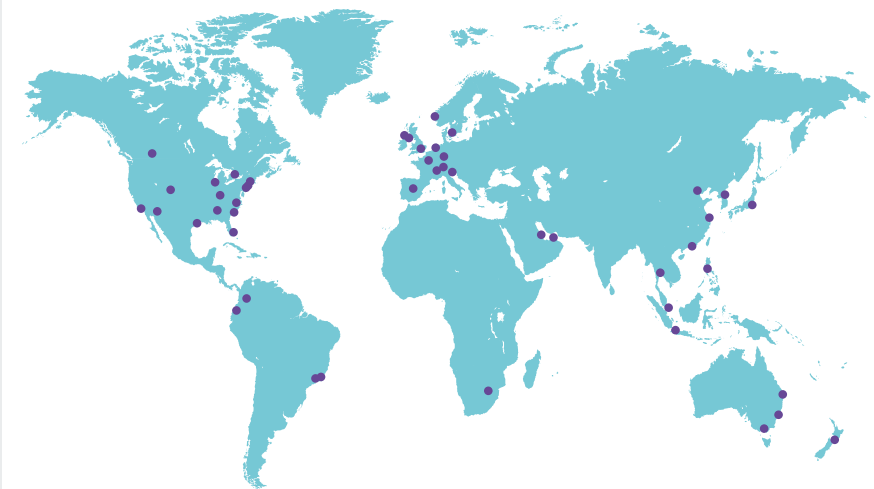
### Data & Analytics

Our Data & Analytics division provides unique data sets and neutral pricing information of OTC products to enable clients to analyse, record, trade and manage their portfolios. In 2020, Data & Analytics generated 8% of total Group revenues.

### Corporate Centre

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

## Where we operate



### Americas

**£670m**

Revenue  
(2019: £687m)

### EMEA

**£888m**

Revenue  
(2019: £900m)

### Asia Pacific

**£236m**

Revenue  
(2019: £246m)

## What we do

### Broking

Through electronic, voice and hybrid broking protocols, we facilitate the development of liquidity and price discovery in global financial markets. We act as an intermediary between buyers and sellers of financial products, enabling them to trade efficiently and effectively. We carry out our broking activities according to three main models:

#### > Name Passing

Approximately three quarters of the Group's broking revenue is derived from Name Passing activities, where the Group identifies and introduces buyers and sellers who then complete the transaction between themselves. In respect of Name Passing businesses, the Group's risk exposure is limited to the collection of commission from its clients.

#### > Matched Principal

Approximately 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 & Analytics

We package and sell data and analytics products focused on OTC instruments and asset classes. Our products allow our clients to price transactions, manage risk and value portfolios. Much of the underlying data is generated from our broking activities.

## How we do it

We aim to deploy our resources efficiently, and with the objective of creating sustainable shareholder value.

### People

Our people are key to our success. We are known in the market for our honesty, integrity, respect and excellence.

### Liquidity

We are experts in the product markets where we operate. The liquidity we can access enables us to provide efficient execution services 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 data on OTC markets, including pricing data.

### International network

We are able to service our clients across the world with offices in 26 countries.

## What makes us relevant

We are a leading global inter-dealer broker across OTC financial asset classes, and a leading provider of brokerage services in the energy and commodities segments. We provide our clients with access to critical liquidity. The transactions we facilitate often are bespoke in nature, complex, and of a high nominal value.

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 4 of this report.

## The value we create for



### 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.



### Colleagues

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



### Community & Environment

We have a well-developed corporate and social responsibility programme, which includes the annual hosting of a highly successful global charity day event, which has raised over £150m over the past 28 years. We recognise our responsibility towards the environment and in 2020 we reduced our total emissions by 10% and established a new ESG reporting framework.



### Regulators

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



### Suppliers

We aim to cultivate strong relationships with our key suppliers, encouraging SMEs, managing supply chain risk using a structured policy framework and always endeavouring to pay our suppliers on time.

## Investment case

### Liquidity

We are the number one IDB globally, with a weighted average market share of 40% (by revenue of key asset classes).

### Networks

We have established relationships and strong brand recognition with top tier investment banks.

### Electronification

We invest in technology to improve execution workflow and profit margins.

### Data

We are a leading provider of OTC asset class datasets.

### Neutrality

We are recognised as an independent intermediary.

### Expertise

Our outstanding market expertise is widely appreciated by the market, especially in voice/hybrid broking.

**Richard Berliand**  
Board Chair



“

I am pleased that the Company was able to deliver robust financial results, demonstrating the benefits of our diversified business model and electronification, aggregation and diversification strategy

### Dear fellow shareholder

2020 proved a remarkably challenging year for many as the world faced the global COVID-19 pandemic, which dominated the agendas of governments and organisations across the globe. From the outset of the crisis, TP ICAP's priority was to protect the wellbeing of our staff and in so doing ensure continuity of service to our clients and the stability and connectivity of the markets. Towards the end of the year, we had the additional uncertainty posed by the end of the Brexit transition period.

Despite these challenges, I am pleased that the Company was able to deliver robust financial results, demonstrating the benefits of our diversified business model and electronification, aggregation and diversification strategy. Although Global Broking's full year results were disappointing given the division's strong first quarter, our Energy & Commodities, Data & Analytics and Institutional Services divisions performed strongly and grew revenue.

### Trading and dividend

Reported revenues for the Group were £1,794m in 2020 (2019: 1,833m), down 2% against 2019 (1% lower on constant currency rates). On a statutory basis, operating profit increased 25% to £178m (2019: £142m) while adjusted operating profit was down 3% to £272m (2019: £279m).

The Board declared an interim dividend of 4 pence per share paid on 6 November 2020 (rebased to take into account the bonus element of the rights issue completed in February 2021) and is recommending a final dividend of 2 pence per share to be paid on 18 May 2021 (with a record date of 9 April 2021). This final dividend recommendation is in line with our announcement to the market in October last year.

### COVID-19

Our people are central to TP ICAP's ability to meet the needs of our clients and, from the outset of the pandemic, the safety of colleagues across all global locations has been paramount. The speed and agility with which we were able to deploy new technology and workflows that enabled many of our staff to work from home while maintaining seamless, global client coverage and connectivity was remarkable. For those that could not work from home, we took measures to ensure that our colleagues could work from offices in as safe an environment as possible. Throughout this period, TP ICAP also took the decisions as a result of COVID-19 to make no redundancies, make no salary reductions for our general workforce nor apply for any government support packages except a de-minimis amount in Hong Kong, which we are returning.

## Board Chair's statement

continued

Looking after our people, serving our clients and providing essential liquidity to the markets is fundamental to the Company's purpose, but I am pleased that at the same time we were able to support the communities in which we work; for example in April and May 2020 we supplied and delivered thousands of face masks to hospitals in London, New York and Bangkok. Also, in a year when charities around the world struggled in their fundraising efforts, ICAP adapted to host a virtual Charity Day in December, supporting over 100 charities across the globe, and raising £3.6 m.

### Corporate structure, our strategy and Liquidnet

Over the past 18 months, following the completion of the Tullett Prebon and ICAP integration programme, the Board has spent a considerable amount of time reviewing and agreeing the medium-term strategy of the Company.

In December 2019 we announced proposals for a corporate restructure. This will create a capital efficient corporate structure that will provide greater financial flexibility, stronger regional governance and greater competitiveness. The Group previously had a deficit in its consolidated capital requirements under CRD IV. The corporate structure that we have created will enable the Group to comply with these requirements and removes the need for a waiver. This alleviates the prior requirement of setting aside around £25-£30m of tangible capital per annum from our in-year earnings until the end of 2026. While, largely due to COVID-19, this took longer than planned to execute, we are delighted that on 26 February 2021 we completed this restructure and now the Group's ultimate holding company is TP ICAP Group Limited, a company registered in Jersey. As previously set out, this does not have an impact on the Group's tax domicile or our stock exchange listing, both of which remain in the UK.

This was an important step for the Group, not least because the redomicile was a precondition in the completion of the acquisition of Liquidnet. The acquisition, which was approved by a significant majority of shareholders at the beginning of February, is on schedule to complete in late March 2021. As a Board, we are particularly excited by the prospects and opportunities that the acquisition presents to dramatically accelerate the execution of our medium-term strategy.

Turning to strategy, in December 2020 we held our Capital Markets Day at which Nicolas Breteau and his executive team outlined TP ICAP's medium-term plans to drive higher returns for shareholders. The strategy builds on our core strengths, has a clear execution path and, with its three pillars of electronification, aggregation of liquidity, and diversification, we believe is the right strategy at the right time given the changing nature of the market and needs of market participants. The presentation was well received by analysts and commentators; our focus going forward is execution.

### Stakeholder engagement

I have continued my dialogue with many of our shareholders over the last year and I was very grateful for their important feedback as we considered the implementation of our new medium-term strategy and, most recently, the capital raise and acquisition of Liquidnet.

As an organisation we are not only focused on long-term value creation for our shareholders, but also in serving the interests of other key stakeholders. As I have set out, communicating with and safeguarding our employees was critical this year. Although the Non-executive Director Employee Engagement Programme was disrupted by the COVID-19 pandemic, regular Chief Executive Officer communications including videos to all staff were very well received and much was learnt and shared with the Board from other forms of staff engagement, such as the global diversity and inclusion survey conducted in the summer.

Active engagement with clients and regulators was also imperative as it allowed us not only to act quickly in response to the developing world health crisis, but also in developing and executing our Brexit implementation plans.

### Board changes

Angela Crawford-Ingle and Mark Hemsley joined the Board in March 2020 as Non-executive Directors. Angela has been Chair Designate of the Audit Committee since her appointment, and will assume the Chair of that Committee when Roger Perkin steps down from the Board after the 2021 Annual General Meeting in May.

Lorraine Trainer decided last March not to seek re-election at the 2020 Annual General Meeting and consequently stepped down from the Board on 13 May 2020. In light of Lorraine's departure, Angela Knight, who had been due to step down from the Board, agreed to remain on the Board for the near-term and assume the Chair of the Remuneration Committee as well as continue as the Company's Senior Independent Director. Angela will step down from the Board after the 2021 Annual General Meeting in May. My Board colleagues and I will miss Angela's and Roger's invaluable contribution and challenge in Board debate, as well as their sound counsel, and we wish them both well for the future.

I was delighted in the Autumn to announce that Tracy Clarke and Kath Cates would be appointed to the Board from 1 January 2021 and 1 February 2021, respectively. Tracy will assume the Chair of the Remuneration Committee and Kath the Chair of the Risk Committee at the conclusion of the 2021 Annual General Meeting. Of the last four appointments to the Board, I am pleased that three were women: I remain committed to ensuring we have a diverse Board and provide a further update on our diversity aspirations, including attaining and maintaining a minimum 33% female representation on the Board, later, in the Governance Report.

**Environmental, Social and Governance ('ESG')**

I set out last year that one of my key priorities was to intensify and raise awareness of our ESG efforts. As demonstrated in the ESG section which features later in the Annual Report, we have made great strides forward as an organisation. Not only are we significantly improving how we track and report against key ESG performance metrics, but we have also raised awareness among our colleagues with the launch at the end of the year of Ethos, a new quarterly ESG newsletter to staff.

The Board remains cognisant of societal expectations, recognising that performing well in ESG represents a licence to do business. We are committed to further development of our ESG strategy and this remains high on the Board's agenda, with particular focus on achieving reductions in our environmental footprint and supporting and promoting initiatives that make a positive difference to the communities in which we work. To further demonstrate this commitment, we recently appointed Tracy Clarke as Non-executive ESG Engagement Director: she will work closely with the Company's senior management to ensure, amongst other things, that the Board continues to have the right conversations on business strategy from an ESG perspective.

**Risk**

A key priority for the Group in 2020 was fully embedding our new Enterprise Risk Management Framework ('ERMF') throughout the organisation. In November the Board received positive feedback from its lead regulator following an external third-party review on the embedding of the ERMF. It is pleasing to note how colleagues have engaged with and embraced the ERMF, and are using the new risk tools and processes in their roles. TP ICAP will not be complacent, however, recognising that the ERMF will need to continuously evolve, especially given the significant corporate change that I mentioned earlier.

**Outlook**

At time of writing, we still face many of the challenges which I alluded to earlier, and consequently the macroeconomic outlook remains uncertain. However, I remain hugely encouraged by the incredible agility and dedication of our people and leadership team over the last year. Above all, I am excited for TP ICAP's future as we complete the acquisition and integrate Liquidnet into the Group.

**Richard Berliand**

**Board Chair**

9 March 2021



**Response to the COVID-19 pandemic:**

- > The Group fundamentally re-engineered its operations during lockdown to maintain continuous global client service and liquidity across all asset classes and desks.
- > Tactical deployment of new digital solutions and new workflows enabled the vast majority of the Group's employees to work from home effectively.
- > Re-engineering the business presented significant technological, management and regulatory challenges, coming as it did during a period of extremely high volatility and a sharp increase in volumes. The Group demonstrated readiness and resilience to continue to serve clients and provide essential liquidity in the markets.
- > The Group has not made any redundancies, or made any salary reductions for our general workforce as a consequence of COVID-19, nor has it applied for any government packages except a de-minimis amount in Hong Kong, which we are returning.
- > The Group paid its final 2019 dividend and interim dividend for 2020. A final dividend is recommended for 2020 in line with the announcement to the market in October 2020.

**Nicolas Breteau**  
Chief Executive Officer



2020 was a year in which the Group made material progress in enhancing its position as a leading, global market infrastructure and data solutions provider.

### Modernising markets drives performance

**£1,794m**

Revenue  
-2% v 2019

**6.0%**

Increase in diversified revenue  
-10% pts v 2019

**9.9%**

Reported operating profit margin  
+2.2% pts v 2019

Expanded our customer base, range of services and geographic profile, especially in our newest divisions.

Enhanced the synergies and links between our business divisions to maximise cross-selling opportunities.

Modernised our technology infrastructure by investing in cloud capabilities



### CEO review

2020 was a year in which the Group made material progress in enhancing its position as a leading, global market infrastructure and data solutions provider.

We unveiled and started the execution of our new strategy to drive higher returns to shareholders. We announced the acquisition of Liquidnet, an electronic, buy-side focused trading network, which will fundamentally accelerate the execution of our strategy and transform our future growth prospects. We made good progress on the redomiciliation of our Group holding company, which will provide greater financial flexibility for the Group and become effective on 26 February. We continued to enhance the enablers of our strategy, such as embedding our Global Risk Framework and developing and launching our new ESG Reporting Framework.

That such progress was achieved against the backdrop of COVID-19 serves only to underline the operational strength and flexibility of our Group, which in turn positions us well to continue to execute our strategy to drive higher returns to shareholders over time.

### Managing COVID-19

COVID-19 caused a considerable shock to the global economy and had a significant impact on the markets in which we operate. We saw a substantial increase in volatility in the early part of the year, although this dropped materially after April as clients assumed more risk averse positions and therefore traded significantly less. We saw a degree of normalisation of trading in OTC markets towards the end of the year.

Following the emergence of the pandemic, we acted quickly to adapt our operational processes to protect our staff and meet the various COVID-19 guidelines that were issued in the 26 countries where we operate. In a matter of weeks we introduced new digital technology and amended workflows which allowed a significant proportion of brokers to work from home. For those brokers who remained in the office during this time, we reconfigured the layout of our offices to provide adequate space to socially distance.

Through these actions, and at a time of unprecedented market volatility, we ensured that all desks continued to be fully operational, that our clients benefited from continuous global coverage across all asset classes, and that global markets remained open and liquid.

The overwhelming majority of our support staff have worked from home throughout the pandemic. Where required, particularly in the compliance, risk, regulatory and IT functions, we have enabled a small number of employees to come into our offices to support brokers.

“

2020 was in many ways a landmark year in the development of the Group. We announced a new strategy; unveiled a transformational transaction; and continued to adapt and strengthen our platform against the most challenging of backdrops.

Despite the challenges posed by the pandemic, we made significant progress during the year. We announced our new strategy in March, which was explained in detail at our Capital Markets Day in December 2020. We have started the execution of this strategy, albeit at a slower than originally intended pace as we took a prudent approach to investment given the uncertainty caused by COVID-19.

The acquisition of Liquidnet, approved by shareholders on 1 February 2021, will accelerate the execution of our strategy as well as provide our firm with significant new growth opportunities.

To partially fund the acquisition, we launched a rights issue to raise £315 million. This issue was successfully completed with existing shareholders taking up more than 98% of the new shares, with the remainder offered into the market. The new shares commenced trading on the London Stock Exchange on 17 February 2021.

### Financial performance

The Group delivered a robust performance in 2020. The year started with high market volatility, resulting in a very good performance in the first three months of the year. Markets were materially slower thereafter, with a consequential impact on revenues. This underlined the importance and growing success of our diversification strategy as lower full year revenues in Global Broking were partially offset by strong full year revenue growth in Energy & Commodities, Institutional Services and Data & Analytics.

In 2020, revenues from our faster growing, non-Global Broking businesses accounted for 35% of total revenues, compared to 32% in 2019.

Group revenue declined 2% to £1,794m against £1,833m for the prior year on a reported basis (1% at constant currency) as although Global Broking experienced a weaker year we saw continued good growth in our other three businesses. We achieved a reported operating profit of £178m for the Group, up 25% on the prior year, with our adjusted operating profit of £272m, down 3% from last year. The increase in reported operating profit was mainly due to 2020 being the first year following the completion of the ICAP integration and therefore benefiting from no integration costs. Our reported operating profit margin of 9.9% was up 2.2% on last year, and the adjusted operating profit (EBIT) margin of 15.2% is flat on the prior year, due to strict cost controls. We reported a statutory profit before tax of £129m, 39% higher than last year with the adjusted profit before tax of £223m, down 3% from £230m in the prior year.

Basic reported earnings per share ('EPS') was 17.2p with adjusted earnings per share of 32.9p. We are paying a dividend of 6.0p per share for the full year (rebased to take into account the bonus element of the rights issue), in line with our intention stated in the announcement regarding the acquisition of Liquidnet on 9 October 2020.

### Regional performance

Revenue for the EMEA region was £888m, a 1% decrease on a reported basis (1% at constant currency). Global Broking revenue decreased 6% as a very strong first half, particularly in Rates and FX, was more than offset by a significantly weaker second half with the Emerging Markets business performance suffering from the pandemic driven slow-down in Turkey and South Africa. Energy & Commodities was up against a strong prior year performance, Institutional Services grew revenues as it continued to scale up and Data & Analytics delivered another year of strong growth.

The Americas reported revenue of £670m was down 2% year-on-year on a reported basis (down 1% in constant currency). Strong growth in Energy & Commodities, Institutional Services and Data & Analytics was offset by Global Broking which faced difficult market conditions.

In Asia Pacific, revenue at £236m decreased 4% year-on-year on a reported basis (3% on constant currency). This reflected very good growth in Energy & Commodities, Institutional Services and Data & Analytics, with more challenging Global Broking figures, as trading appetite dampened due to the pandemic placing practical constraints on market activity.

### Strategic delivery

In March 2020 we identified the three key strategic pillars which would underpin our medium-term growth strategy: electronification; aggregation of liquidity; and diversification of our revenues. On 1 December we held a Capital Markets Day at which senior management presented in detail how this strategy would be executed across the Group.

For our Global Broking and Energy & Commodities businesses, we are executing a hub strategy for the asset classes of Rates, Foreign Exchange, Credit, and Oil. These hubs will drive electronification and liquidity aggregation. They will offer clients a single sign-on to access via a single screen a multitude of TP ICAP products and brands all with a common look and feel. The hubs will provide robust pre- and post-trade processing, improved connectivity and straight-through processing.

The overall outcome from the hub strategy will be institutionalising volumes and client relationships. We have already launched several electronic platforms, and these are already demonstrating tangible benefits for TP ICAP and our clients. The hubs will result in increased revenues. With these platforms client volume tends to be stickier, and brokerage rates more standardised. Silos between bank traders should erode enabling more cross-asset or cross-instrument transaction activity which will result in increased volume. With more client activity conducted via platforms and common screens, there will also be more opportunity for us to provide targeted data and analytics products. Most importantly, we expect them to result in lower costs.

In Data & Analytics, our focus is on moving up the value chain in terms of product offering, going beyond selling raw data to selling value-adding solutions, something for which clients will pay a premium. We will also innovate in how we distribute, delivering our solutions both directly through a webstore but also partnering with other well-established cloud providers. Finally, our focus is to expand to new buy-side clients, and increase our market share of the wallet with existing clients.

In Institutional Services, the focus will remain on expanding product coverage as well as building out regional customer coverage.

### Liquidnet

To materially accelerate our strategy we announced the proposed acquisition of Liquidnet, a premier, technology-driven, global electronic trading network focused on the buy-side. The acquisition will also bring deep expertise in the cash equities asset class as well as provide us with compelling new growth opportunities as we explained at our Capital Markets Day.

The total consideration for the acquisition is between US\$575m and US\$700m, comprising cash of US\$525m, subject to customary adjustments, payable on completion and with deferred consideration of US\$50m and contingent deferred consideration of up to US\$125m.

Liquidnet's electronic network incorporates extensive buy-side trade workflow connectivity, including integrations with all major order management and execution management systems. We intend to build on Liquidnet's capabilities and connectivity, and expand its offering, particularly in respect of Dealer-2-Client electronic trading in Credit and Rates. Furthermore, we expect to leverage the data assets and analytics expertise of both organisations to drive non-transaction-related earnings.

We believe that TP ICAP's strong dealer relationships and product expertise are highly complementary to Liquidnet's electronic capabilities and global buy-side customer base. In addition, its global low-touch block cash Equities franchise complements our existing high-touch derivatives and cash Equities activities. Combined, TP ICAP and Liquidnet will be able to offer our clients compelling electronic trading and analytics solutions, driving sustained growth and shareholder value creation over the medium and long term.

While this new strategy will drive the medium-term growth of TP ICAP, we took the decision to slow investment in 2020 adopting a prudent approach to managing through the crisis and prioritised our liquidity and capital buffers under stressed scenarios.

Despite the aforementioned deceleration, we were still able to progress with a number of strategic initiatives and detail some of these in the business division reviews below. We intend to accelerate the execution of our strategy in 2021 and the following years.

## Business Review

### Global Broking

Global Broking is our largest division covering Rates, Credit, Equities, Foreign Exchange & Money Markets and Emerging Markets, where we have market-leading positions. We bring together buyers and sellers providing a range of professional intermediary services that enable them to execute trades successfully. We operate through Tullett Prebon and ICAP brands separately. We also offer clients a range of ways to interact with us – through voice, hybrid or electronically – depending on the nature of the market, product and transaction. One of our fundamental strengths is the long-established relationships we have with top-tier banks, and our ability to operate deep liquidity pools.

Global Broking had a very strong first quarter of 2020 primarily due to abnormal levels of volatility in March leading to significant trading volumes. In the ensuing months, many clients decided to wind down any positions they had and reduced their risk appetite. Consequently, from May through to October markets were much quieter with a resulting negative impact on revenues. Trading in the final months of the year improved slightly to more normalised patterns, albeit not with the levels of activity usually associated with a US Presidential election.

As a consequence of these macro conditions, revenues for the year were down 6% in reported currency (5% lower at constant currency) at £1,188m from £1,262m in the prior year. It is important to highlight that while the large Tier 1 investment banks are our main client base, their revenue performance is not always a good proxy for that of Global Broking. Global Broking is paid on volumes on secondary markets while Investment Banks benefit from, inter alia, primary issuance in the equity and debt markets from principal trading and mark-to-market changes in inventory positions. We believe a better guide is provided by the public information on secondary volumes in the relevant market infrastructure markets, mainly exchanges and other platforms.

Our largest business, Rates, saw revenues decline 5% on a reported basis (4% in constant currency) year-on-year following a stand-out start to the year due to the impact of many countries also reducing interest rates to near zero and embracing quantitative easing. Our Equities business was flat on the year in reported currency (2% higher in constant currency), as although the market was buoyant for cash equities, our business is geared toward Equity Derivatives which experienced a quieter period. We saw the benefit of the LCM acquisition towards the end of the year as the transaction closed. FX and Money Markets' revenue declined 7% on a reported basis (down 7% in constant currency) due to subdued client activity from lower volatility and volumes. The Credit market remained subdued for interdealer brokers as new market participants continued to take market share and new issuance growth did not translate into secondary trading, which resulted in a 4% revenue decline on a reported basis, and 3% lower in constant currency. The Emerging Markets business was affected by the practical impact of the pandemic had on those countries with revenues declining 14% on a reported basis (12% at constant currency).

Despite the difficult macroeconomic backdrop, we continue to identify opportunities to fill gaps in coverage and offer additional products for our clients as well as continue to expand our hybrid and electronic matching technology offering.

We made progress in rolling out the hub strategy, although, as stated, at a slower pace than we had anticipated at the start of the year. For the Rates hub, we introduced several enhancements to our market-leading ICAP Interest Rate Options ('IRO') platform and achieved our first cross-product electronic aggregation of liquidity, by bringing inflation swaps/index, conventional gilts, and interest rate swaps onto a single trading platform. We achieved cross-brand aggregation in September when we introduced the ICAP Interest Rate Options platform to the Tullett Prebon brand.

For the FX hub, we launched FXO Hub, our cross brand platform for trading FX Options in March this year and we are encouraged by its initial performance, increasing our market share for this asset class by approximately 5%pts.

In Credit, we increased electronification through launching the Matchbook Rebalance platform. This is a pure-electronic platform used for Emerging Market, Investment Grade, High Yield, Financial and Sterling Corporate Bonds. The platform, which has common TP ICAP branding, runs auctions allowing traders to clear up unwanted odd-lot risk on their books based on a total P&L marker, and has also recently been launched in the US.

### Energy & Commodities

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

The energy and commodities markets experienced high volatility in the first four months of the year as markets reacted to global trade wars and the pandemic, with clients adjusting positions to pandemic levels of supply and demand. A combination of clients assuming a risk off position and more people working from home led to quieter months between May and September before market activity returned to more normal levels for the remainder of the year.

## Chief Executive Officer's review

continued

E&C delivered a good performance in 2020. Revenues were up 2% in reported currency (3% in constant currency) to £391m, against a particularly strong prior year performance. The primary driver of growth was new hires as a result of our successful hiring pipeline.

We saw growth across the majority of product areas, with Oils, our largest business, benefiting from the extraordinary conditions seen in the first part of the year as well as the continued build out of the ICAP oil desk. We recorded a strong performance in Liquefied Natural Gas as the natural gas market became a global rather than regional market, and experienced good growth in Metals and Environmental products.

We continued to build and develop the business throughout the year, despite the practical constraints imposed by COVID-19: our successful Weather Derivatives desk in the US is now linking into our Global power desks; we are broking Japanese power contracts out of Singapore with a local Japanese entity due to launch shortly; we have a new ICAP desk covering power markets in Central and Eastern Europe; and have dedicated resource who are successfully growing our hedge fund platform.

We are making solid progress on building the Oil Hub, which will ultimately allow clients to view aggregated liquidity across our competing brands. We have started to roll out the electronic matching engine, and we are aiming for this to be on every broker's desk in Q2 2021. We have implemented an Order Management System on the platform to facilitate and manage trades and provide straight through processing.

Decarbonisation has become a significant theme of the energy and commodities markets and we are positioning our business to capture the benefits of this change. Approximately 40% of our revenues come from positive, transitional or neutral products and we anticipate this increasing over time.

### Institutional Services

In 2021 Institutional Services will be renamed Agency Execution as it better describes the business and its activities, provides execution services to buy side clients including hedge funds, asset managers and corporates. The role of the division is to power clients' ability to manage their investment or trading process – from trade origination and execution through to post trade analytics. Institutional Services seeks to ensure clients receive the best pricing available in the market; routing orders into multiple sources of pricing such as exchanges, partner bank liquidity providers and other venues whilst guaranteeing anonymity and neutrality. It is an important part of the Group's diversification strategy bringing in a new revenue stream from a different client base.

Institutional Services delivered an excellent performance in 2020, continuing its strong growth trajectory, with revenues up 21% on a reported basis (21% on constant currency) to £91m, up from £75m in 2019. Growth was driven by the investments already made in people, product coverage, geographic reach and technology as the business has greater capacity to service clients and meet their expanding needs.

Whilst exchange traded derivatives performed extremely well, we were particularly pleased with the ongoing and diversifying growth in FX, equity derivatives, IRS and government bonds which in aggregate secured our positive performance trajectory in all regions.

During the year we experienced significant growth in requests from investors that have traditionally sought execution services exclusively from banks. It is our belief that this trend will continue. Banks appear to be de-prioritising investment in agency execution services, consistent with the demands to 'do more with less'. Banks' investments are increasingly geared to businesses with better ability to capitalise on available leverage. At the same time our Institutional Services business has grown its breadth and quality of coverage to a point where we have a significant footprint and a growing reputation as an alternative to traditional banks' sales desks – evidenced in our ongoing market share growth.

As well as adding clients, we also note that the number of existing clients engaged in two or more products with us is increasing. This is an extremely encouraging development and one that we think becomes an important driver in our next growth phase.

Our strategy for Institutional Services remains to continue to grow the business and diversify our revenues through: adding more asset classes to our coverage; broadening our geographic reach; and investing in further electronification.

### Data & Analytics

Our Data & Analytics business provides unbiased data products that facilitate trading, enhance transparency, reduce risk and improve operational efficiency. It is the leading provider of OTC pricing data and has access to 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.

D&A is a fast growing, high margin business with revenues that are largely subscription-based – more than 90% of revenues were recurring in 2020 – so it provides us with excellent earnings diversification and sustainable growth opportunities.

Revenues for 2020 were up 7% on a reported basis (9% in constant currency) at £145m which was a strong performance given estimates that financial market data companies will have seen growth of between 4-5% for the year, according to Burton Taylor estimates. While the pandemic caused D&A to experience weaker growth in the first half of the year, it saw an improved performance in the second half with a particularly strong final quarter where revenues grew 11%. We remain confident that the business will deliver double-digit revenue growth in 2021.

The business also made further progress with its growth strategy in the period. It invested in its people and processes, introducing new sales methodology, appointing Regional Heads of Sales, and hiring sales specialists focused on Energy & Commodities. This new, systematic approach should lead to a shorter sales cycle and lasting revenue benefits.

We continued to develop new products, launching six new offerings, including, importantly, our first 'information' product: Bond Evaluated Pricing ('BEP'). BEP combines our data with third parties' data to create intra-day, transparent insight with observable pricing from our neutral broking partners. We created the product after our clients told us that meaningful transparency in fixed income pricing has become critical as regulators globally require more detailed disclosure and stricter risk management. We intend to roll out further information products in 2021.

In the energy and commodities sector, we began the roll out of our new Oil Market Data Feed, on the crude and refined oil markets aimed at trading houses, major oil companies, buy-side funds and the banks. We have also enhanced our offering in Liquefied Natural Gas expanding coverage to include additional markets such as US Gulf Coast and West India Marker.

In terms of distribution initiatives, we launched a new direct to client service, known as SURFIX, which provides clients direct access to our critical mass of breadth across our multiple brands, including Tullett Prebon, ICAP and PVM, in the easy-to-use, industry standard FIX format. We expanded our Channel Partners to include the public cloud providers, providing clients with options on moving market data infrastructure into the cloud. This will allow client to operate with greater agility and a lower total cost of ownership.

We will continue to roll out new products covering other asset classes, third-party data partnerships and moving up the value pyramid. We plan to capitalise on regulatory opportunities, including new risk-free rates in connection with the retirement of LIBOR, and the need for regulated benchmarks and indices. This includes an Interest Rate Options Volatility Index based on our Global Broking data, and index partnerships, in Energy and Commodities.

### Environmental, Social & Governance

Increasingly, clients, investors, ratings agencies, regulators, Non-Governmental Organisations and other core stakeholders incorporate environmental, social and governance ('ESG') performance into their decision-making process. Consequently, we believe performing well in ESG represents a licence to do business and is a critical factor in achieving sustainable growth.

In 2020 we undertook a comprehensive materiality assessment that led to us establishing an ESG Reporting Framework formed of 15 data disclosure areas that are most relevant to TP ICAP. Each disclosure has an associated set of metrics according to internationally recognised standards. To ensure ownership and accountability, individual disclosure areas have been assigned to a relevant senior manager, and governance has been strengthened up to and including Board level. Having identified these 15 ESG disclosure areas, we have also begun to report against them.

We recognise that robust reporting is but one step forward in our sustainability journey. We have more to do, the next step being to develop an overarching ESG strategy that is aligned to our purpose. We commit to completing this strategy by the end of 2021, with execution to commence in 2022.

We introduced a new Enterprise Risk Management framework ('ERMF') in the second half of 2019 accounting for the increased scale and diversity of our business and responded to regulatory expectations. One of the key matters for the Risk Committee was the monitoring of the operation of the new ERMF with the objective of ensuring it has been embedded across all the Group (organisationally and geographically). This includes the new Governance, Risk Management and Compliance ('GRC') system underpinning the ERMF and risk management training to all staff. The ERMF has now had extensive third-party reviews which have found that the framework has been embedded consistently across the Group with no adverse findings. TP ICAP has now attested to the embedding and ongoing operation of the ERMF. We have reviewed our principal risks and evolved the ERMF to account for factors including COVID-19, the potential impact of Brexit and execution risk of the Liquidnet acquisition.

### Near term outlook

- > The first two months' revenue per trading day is marginally higher than the prior year. March 2020 was a record month in terms of revenues, with very strong secondary volumes and exceptional volatility. As such, given this tough comparative, our Q1 2021 revenues may be lower than in the prior year. For 2021, we expect full year revenue to grow at low single-digit at constant currency basis.
- > As we outlined in our Capital Markets Day, we are targeting c.£30m of strategic cash investments in 2021, which includes c.£13m of operating expenses.
- > With regard to Brexit, despite the complications caused by COVID-19, we are executing our plans, leveraging our EU network, and moving brokers to our Paris hub. As a result, we continue to cover our EU clients effectively.
- > All the aforementioned targets exclude any potential impact from the completion of the Liquidnet acquisition.

### Concluding comments

2020 was in many ways a landmark year in the development of the Group. We announced a new strategy; unveiled a transformational transaction; and continued to adapt and strengthen our platform against the most challenging of backdrops. Consequently, TP ICAP is well placed to adapt and remain relevant as markets and clients' needs continue to evolve. In so doing, we will drive sustainable growth and higher returns to our shareholders over time and extend our position as a leading, global market infrastructure and data solutions provider.

During these unprecedented times I would like to thank our shareholders for their overwhelming and continued support in relation to the acquisition of Liquidnet, the successful rights issue and redomiciliation of our Group's holding company. I would also like to thank all of my colleagues at TP ICAP for the remarkable fortitude they have demonstrated throughout 2020, and of course our clients for their continuing trust in us. I look forward to working with you all in the coming year, one that I approach with confidence.

**Nicolas Breteau**  
Chief Executive Officer  
9 March 2021

## Market factors

Our business is influenced by a number of external factors. Set out below is a summary of some of the key market factors which currently affect TP ICAP and are expected to continue to do so over the coming years.

| Market factor                  | Description  | Implications for TP ICAP   | TP ICAP's response  |
|--------------------------------|--|--|---|
| <b>Competitive environment</b> | TP ICAP has a wide range of international competitors in the market infrastructure space, including inter-dealer brokers, exchanges and electronic platforms.  | TP ICAP's key dealer clients are experiencing substantial cost pressures in many of their core markets, and are generally seeking to optimise resource spend with external service providers.  | <b>TP ICAP has adopted a proactive approach to client engagement and improving our clients' experience, such that we deliver value and meet the evolving needs of our client base. TP ICAP has also focused on becoming a more attractive place to work and we continue to defend ourselves against staff poaching by competitors.</b>  |
| <b>Regulation</b>              | 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.   | <p>Complying with global trends towards greater and more complex regulation places a growing resource and cost burden on TP ICAP.</p> <p>Growing regulatory scope and complexity raises the risk of regulatory action being faced by the Group.</p>  | <p><b>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.</b></p> <p><b>With regard to Brexit, we continue to monitor the EMEA regulatory environment and have prepared for a range of potential outcomes. We are also liaising with our clients to understand their plans so that we can continue to provide them with a high-quality service. Please refer to the Principal Risks section on page 46 for additional details on our Brexit response.</b></p> |
| <b>Technology</b>              | <p>Technological advances potentially enable a new generation of competitors to disrupt existing players.</p> <p>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.</p> | <p>Technological change has the potential to impact the Group both positively and negatively, depending on a range of factors. The use of technology allows us to enhance the services we provide to clients, improving efficiency and profitability. Technological change could also present challenges if, for example, the Group's technology strategy were to fail to evolve in line with wider market developments and client requirements.</p> | <p><b>We will continue to invest in technology. A substantial budget for strategic investments was communicated at our Capital Markets Day in December 2020. These investments are expected to result in future operating margin improvement.</b></p> <p><b>The acquisition of Liquidnet as a technology-driven, global electronic trading platform is in line with our strategy of driving the overall electrification of TP ICAP's businesses.</b></p>  |

| Market factor                 | Description   | Implications for TP ICAP  | TP ICAP's response  |
|-------------------------------|---|---|---|
| <b>Big data developments</b>  | Significant volumes of data can be collected and analysed far more quickly and cheaply than in the past. Combined with machine learning tools, cheaper, faster processing of data can facilitate the rapid extraction of meaningful information and insights. | 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.  | <p><b>We aim to develop value-added data products and services by ourselves and in cooperation with partners.</b></p> <p><b>In addition, we intend to leverage our capabilities by supplementing our in-house data library with information gathered from third-party sources.</b></p>  |
| <b>Coronavirus (COVID-19)</b> | The COVID-19 pandemic had, and is still having, a very significant impact on global socio-economic conditions.  | The outbreak of COVID-19 in early 2020 required us to quickly facilitate the transfer of much of our employee base to working from home. The uncertainty associated with COVID-19 also impacted on market conditions throughout the year, with a notably substantial increase in market volatility and trading volume in the early part of 2020, with more muted trading activity characterising operating conditions in subsequent months. | <p><b>Our agile transition in early 2020 to a working from home environment allowed business continuity and limited business disruption. Our continued focus on electronification will further support agility in our workforce to ensure we continue to meet the needs of our clients, regulators and safety of employees.</b></p> |

## Strategy

Our vision is to be the most trusted and respected data and market execution provider in the financial, energy and commodity segments where we operate.

We aim to realise our vision by building on our traditional strengths, whilst simultaneously transforming and evolving, such that we remain well placed to capitalise on the opportunities presented by fast-moving changes in market structures, regulation, and client needs.

To anticipate and respond to change, we are shaping our business along three strategic growth pillars – Electronification, Aggregation and Diversification.

In line with our strategy, we believe that the acquisition of Liquidnet presents a unique opportunity to transform our client base, earnings mix and growth trajectory, strengthening our market positioning and longer-term prospects of revenue growth and profit margin expansion.

Whilst the Group's financial performance in any given reporting period will reflect then-prevailing operating conditions (including market direction and price volatility), over the medium term we will endeavour to deliver an improved earnings mix and profitability profile, including a higher percentage of recurring revenue, a higher percentage of electronic, higher margin revenues, further diversification of the sources of earnings, and underlying operating margin expansion.



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The acquisition of Liquidnet is expected to meaningfully enhance TP ICAP’s electronic network assets and capabilities

## Key strategic pillars

### Electronification

Increase use of electronification and technology

We believe that better use of technology will improve the efficiency and profitability of our client-facing services and internal operations.

We will seek to enhance our medium-term profitability potential by progressively increasing the amount of client activity and services that are delivered electronically. Our electronification plans embrace pre- to post-trade transaction services, the delivery of data and analytics, as well as our internal processes. Of course, we intend to customise our approach to electronification in each of our product markets to reflect the relevant market structure characteristics, such as market size, maturity, level of standardisation, applicable regulations and any other relevant attributes.

### Strategic output

Improve operating margins

The acquisition of Liquidnet is expected to meaningfully enhance TP ICAP’s electronic network assets and capabilities. Liquidnet will substantially expand our buy-side connectivity; Liquidnet’s unique ‘blotter sync’ technology and embedded institutional workflow tools leverage its connectivity with major execution and order management systems (EMS and OMS), facilitating efficiency in the order management and trade execution activity of its 1,000+ asset management clients.

The Liquidnet acquisition is expected to provide us with the ability to access a significant dealer-to-client fixed income opportunity – particularly in respect of Credit and Rates – by leveraging Liquidnet’s connectivity and platform capabilities, together with TP ICAP’s dealer relationships, connectivity and asset class expertise.

### Aggregation

Improve client access to liquidity across the TP ICAP Group’s franchise

Following the completion of a number of acquisitions, most notably of ICAP’s voice broking division, we have expanded our brokerage businesses. The Group operates a number of liquidity pools across products, asset classes and brands.

### Strategic output

Enhance ease and attractiveness of transacting with TP ICAP brands

We intend to maintain our leading global position as the largest inter-dealer broker by revenue, by using technology to improve the efficiency of client access to relevant liquidity pools, including via harmonisation of the appearance of screens between products and brands, better API access, and integrated extraction and delivery of related data and analytics.

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## Key strategic pillars

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### Diversification

Build out earnings from buy-side, corporates, and data businesses

TP ICAP has progressively pursued greater diversification of its revenue profile, with our three faster growing businesses – Data & Analytics, Institutional Services and Energy & Commodities – representing, in aggregate, 35% of revenue in 2020, compared with 32% in 2019. In particular, by expanding our Institutional Services and Energy & Commodities segments, we have grown our brokerage presence with a range of non-bank financial institutions, such as corporates, asset managers and hedge funds. We expect to continue to invest in these business segments by expanding our product and geographic footprint.

### Strategic output

Increase sustainable growth and quality of earnings

In order to further leverage our OTC markets expertise and capabilities, and to reinforce our position as a leading provider of OTC data products and services, we will look to both expand and diversify our Data & Analytics product and service offering, as well as to broaden our client base, notably by targeting buy-side client needs.

The Liquidnet acquisition is expected to further enhance the diversification of our Group's earnings profile immediately via Liquidnet's established position in institutional cash equities, and over time by developing credible dealer to client offerings in Credit and Rates. More generally, we believe that Liquidnet's technology team and its capabilities in data science provide significant additional potential for product development.

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## Financial Objectives

At our Capital Markets Day on 1 December 2020, we detailed goals to grow revenue and drive operating margin improvement for each of our four key divisions – Global Broking, Energy & Commodities, Institutional Services and Data & Analytics. We also provided financial targets for Liquidnet. At a Group level, inclusive of Liquidnet, we are targeting:

- > 4% revenue compound annual growth rate over the medium term, driven primarily by the higher growth businesses of Institutional Services, Data & Analytics and the expected acquisition of Liquidnet; and
- > 18% adjusted operating margin by 2023 with the target increasing to c.23% in the medium term, facilitated by continued strategic investments in technology.

Case study:

## Electronification

Increased use of  
electronification and  
technology.

Our business will continue to transition towards a more electronic future which, in turn, will benefit our clients, TP ICAP and our shareholders. An increase in the amount of business we deliver electronically will improve client connectivity, facilitate efficient workflows and post-trade processing. How fast we go in the implementation of this strategy, and the degree and manner of electronification, will depend on the nature of each market and product.

As part of our electronification focus, last year we launched an innovative foreign exchange options platform, FXOhub. The platform represents a step-change in intuitive liquidity sourcing and trade execution on an industry leading platform. Across both ICAP and Tullett Prebon brands, it supports collation of 'Indication of Interest' bids and offers, via an electronic order book, 'Request for Quote', plus Auxiliary matching order entry methods. The platform is fully customisable so that each trader can design their own preferred setup through the use of the latest HTML5 technology on which it has been built. This gives way to a smoother user experience and improved connectivity.

The response has been excellent. Multiple top tier banks are already streaming liquidity and the platform has enabled us to improve our options market share by approximately 5 percentage points between Q4 2019 and Q3 2020 (Source: Clarus based on notional trading volume).

Case study:

## Aggregation

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

By using technology to aggregate the liquidity offered across our brands, we increase access and choice for our clients. In Global Broking, by bringing together Tullett Prebon and ICAP we gain leadership in almost all the markets in which we operate. Combined, they give us the deepest liquidity pools in the industry.

We continue to operate using both brands; they are known, trusted brands with which our clients relate. But whomever they choose, once on our platform, our screens will also offer our clients access to the liquidity of all our brands. By using technology to simultaneously display Tullett Prebon and ICAP's prices to clients, we increase cross-selling benefits and market share, while clients find the best prices.

Our market-leading Interest Rates Option platform is an example of aggregation in practice. During 2020 we made several enhancements to the platform and achieved our first cross-product electronic aggregation of liquidity, by bringing ICAP inflation swaps/index, conventional gilts, and interest rate swaps onto a single trading platform. We successfully achieved cross-brand aggregation in September when we introduced the ICAP Interest Rate Options platform to the Tullett Prebon brand.

**Case study:**

## Diversification

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

We continue to diversify our revenues by investing in our high-margin, high-growth business areas, as well as expanding our client base.

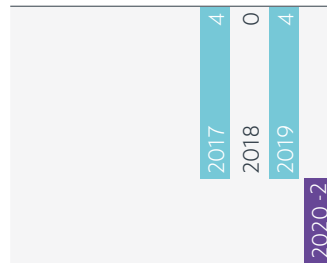
We are investing in our Data & Analytics ('D&A') business, where we are already a leading provider of OTC data products. Revenues are high-margin, largely subscription based and tend to be more 'sticky'. In 2020 we launched our first higher margin 'information' product, and aim to create and commercialise a suite of sophisticated value-added analytics products, targeted at a growing number of regulatory and other use cases. D&A also provides diversification of client base as it counts hedge funds, asset managers, other data providers and corporates amongst its clients.

Through our Institutional Services business, we are also diversifying our customer base away from our traditional inter-dealer market of Tier 1 investment banks and into the institutional market of asset managers, hedge funds and non-bank liquidity providers. This business has been growing rapidly since its creation and is experiencing significant growth in requests from investors that have traditionally sought execution services exclusively from banks. It is our belief that this trend will continue as banks move away from these activities which need a level of service which they may consider to be insufficiently profitable to maintain a competitive presence, and where we have a significant footprint and growing reputation as an alternative to traditional dealer banks. We intend to continue to grow by expanding our product and regional footprint, and broadening and deepening our customer relationships.

# Key performance indicators

## Financial KPIs

### Revenue growth (%)



#### KPI definition

Revenue growth is defined as the annual growth of total reported revenues. Group revenues are shown on page 31.

#### Comment

Revenue growth reflects wider market volumes, driven by volatility and our ability to further diversify and strengthen our franchise. 2020 levels were heavily impacted by COVID-19 that caused our largest division, Global Broking's revenue to decline 6%, as the other three divisions continued to grow. Overall the Group revenues dropped 2%.

#### Link to our strategy

- > Liquidity aggregation
- > Electronification
- > Diversification

### Adjusted operating profit margin (%)



#### KPI definition

Adjusted operating profit margin is calculated by dividing adjusted operating profit by revenue for the period. A reconciliation of adjusted operating profit to statutory operating profit is shown on page 30.

#### Comment

Adjusted 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 adjusted operating margin in 2020 was in line with the prior year as lower revenues were offset by tighter cost control.

#### Link to our strategy

- > Electronification
- > Diversification

### 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 37.

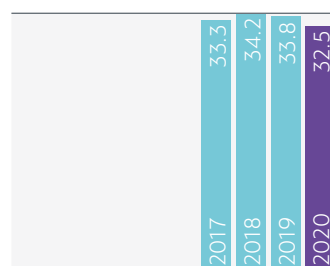
#### Comment

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

#### Link to our strategy

- > Liquidity aggregation
- > Electronification
- > Diversification

### Adjusted earnings per share ('EPS') (p)



#### KPI definition

Adjusted earnings per share is calculated by dividing the adjusted profit after tax by the basic weighted average number of shares in issue. A reconciliation to statutory EPS is shown on page 30.

#### Comment

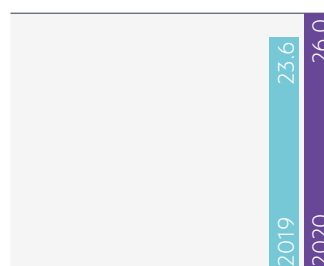
Over the long term, growth in shareholder value and returns is linked to growth in adjusted EPS, which measures the adjusted profitability of the Group after tax and interest costs. The slight EPS decrease reflects the difficult operating environment year-on-year.

#### Link to our strategy

- > Electronification
- > Diversification

## Non-Financial KPIs

### Senior Management Gender Diversity



#### KPI definition

Ratio of female employees in our Executive and Non-executive management (combined referred as Senior Management).

#### Comment

The ratio of female employees in Senior Management teams is an indicator of our increasing focus on Employee Diversity and Inclusion. The ratio of female employees in our Senior Management teams has increased to 26%, 2.4 percentage points higher year on year. This figure includes a notable 15.5% points increase in relation to our Executive team.

All our KPIs, are Alternative Performance Measures (APMs) as defined by European Securities and Markets Authority ('ESMA'). 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
- > **Adjusted operating profit margin (%)** – This shows the operating profit margin excluding significant items. The adjusted 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 front office costs (e.g. settlement and clearing fees). Increased contribution leads to increased returns for the shareholders
- > **Adjusted earnings per share ('EPS')** – This shows the basic EPS of the Group excluding significant items. The adjusted EPS shows our recurring earnings capacity.

**Robin Stewart**  
Chief Financial Officer



“

In 2020, TP ICAP delivered a solid financial performance, demonstrating our strong operational capability and the growing success of our diversification strategy, against a difficult macroeconomic backdrop and reduced secondary volumes in the wider interdealer broker market.

### Introduction

During 2020, we faced a unique macroeconomic backdrop marked by the emergence and continuous impact of the COVID-19 pandemic.

The pandemic led us to adjust our ambitious 2020 IT investment plan as our primary focus has been the well-being of our employees, the seamless provision of our services, the support of financial markets, and the protection of shareholders' value.

This once-in-a-generation environment initially led to record volatility and boosted market volumes. This was especially pronounced in March, across all our broking products. However, market volumes materially softened as the year progressed, most notably during the summer months. This was due to the fact that governments started to lower interest rates to support the wider economy and restarted large quantitative easing programmes. In addition, traders appetite for risk decreased.

Against this backdrop, Group revenues were slightly lower year-on-year on a reported and constant currency basis. This is a big testament of the success of our diversification strategy. Our high-growth businesses, Institutional Services and Data & Analytics offered high top-line growth, whilst Energy & Commodities continued to grow its market share and capitalise on specific market opportunities.

Operating costs in 2020 have declined materially year-on-year following the completion of the integration of ICAP in 2019, reflected in a reduction in 'Significant items'. Management adjusts for such items for planning purposes and measuring the Group's performance, and to aid comparability from period to period. They are also useful measures for investors and analysts when considered together with reported results.

Despite our initial plans to invest heavily in our core strategy, COVID-19 meant that we re-prioritised investment in cloud technology and workflows to support our brokers to work from home. Despite these unplanned investments and other costs regarding recent acquisitions, we were able to reduce our overall management and support costs year-on-year by £9m (£4m on a constant currency basis), which included material bonus adjustments. This highlights our ability to adapt our cost base to various macroeconomic circumstances.

Looking forward, the proposed Liquidnet acquisition means that we will incur some non-recurring costs in 2021. However, we are all very excited to partner with Liquidnet as its cutting-edge technology, market-leading connectivity and well-known franchise will help us develop new, high-growth revenue streams.



### Key financial and performance metrics

Our key financial and performance metrics for 2020 are summarised in the table below together with comparatives from the equivalent period in 2019 on a reported basis.

|  | 2020           | 2019    | Change    |
|--|----------------|---------|-----------|
| Total revenue (reported)   | <b>£1,794m</b> | £1,833m | -2%       |
| Reported operating profit  | £178m          | £142m   | +25%      |
| Reported operating margin  | 9.9%           | 7.7%    | +2.2% pts |
| Adjusted operating profit <sup>5</sup>                               | £272m          | £279m   | -3%       |
| Adjusted operating margin <sup>6</sup>                               | 15.2%          | 15.2%   | 0%pts     |
| Broking contribution <sup>1,6</sup>                                  | £606m          | £626m   | -3%       |
| Broking contribution margin <sup>1,6</sup>                           | 36.3%          | 36.4%   | -0.1% pts |
| Data & Analytics contribution <sup>1,6</sup>                         | £74m           | £68m    | +9%       |
| Data & Analytics contribution margin <sup>1,6</sup>                  | 51.0%          | 50.4%   | 0.6% pts  |
| Total contribution <sup>6</sup>                                      | <b>£680m</b>   | £694m   | -2%       |
| Total contribution margin <sup>6</sup>                               | <b>37.9%</b>   | 37.9%   | 0.0% pts  |
| Global Broking adjusted operating profit margin <sup>7</sup>         | 16.6%          | 17.5%   | -0.9% pts |
| Energy & Commodities adjusted operating profit margin <sup>7</sup>   | 13.6%          | 12.0%   | +1.6% pts |
| Institutional Services adjusted operating profit margin <sup>7</sup> | 7.7%           | 4.0%    | +3.7% pts |
| Data & Analytics adjusted operating profit margin <sup>7</sup>       | 44.1%          | 43.7%   | +0.4% pts |
| Average revenue per broker (£'000) <sup>2</sup>                      | 591            | 620     | -5%       |
| Average contribution per broker (£'000) <sup>3</sup>                 | 217            | 228     | -5%       |
| Average broker headcount   | 2,789          | 2,740   | +2%       |
| Broker headcount – period end  | 2,793          | 2,784   | 0%        |
| Broker support headcount – period end                                | 1,846          | 1,824   | +1%       |
| Other support headcount – period end                                 | 287            | 300     | -4%       |
| Broker compensation costs: broking revenue <sup>4</sup>              | 54.7%          | 53.1%   | +1.6% pts |

1 Broking includes contribution from Global Broking, Energy & Commodities and Institutional Services. Figures include inter-division revenues in Global Broking and Energy & Commodities, and inter-division front-office costs in Data & Analytics.

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

3 Average contribution per broker represents broking contribution (as defined in the Contribution section) divided by the average broker headcount.

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

5 Refer to reconciliation on page 30.

6 Refer to APM Appendix on page 200.

7 Refer to reconciliation on page 37.

Average broker headcount was 2% higher to 2,789 in 2020 from 2,740 in 2019 due to the acquisition of Louis Capital Markets (LCM) and the consolidation of our business in Malaysia. However, with a 5% decrease in average revenue per broker, the resulting broking revenue was 3% lower than 2019 on a reported basis (2% lower on a constant currency basis). The period-end broking support headcount increased 1% 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 adjusted operating profit by region for 2020 compared with the equivalent period in 2019.

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 following tables therefore shows the statutory revenue change, but also the constant currency basis, where the 2019 revenues are translated at the same exchange rates as those used for 2020.

## Financial and operating review

continued

### Income Statement

The Group presents its reported results in accordance with IFRSs as detailed in the financial statements on page 124. The Group also presents adjusted, non-IFRS, measures to report performance. Adjusted results and other alternative performance measures ('APMs') may be considered in addition to, but not as a substitute for, the reported results presented in accordance with IFRS. The Group believes that adjusted results and other APMs, when considered together with reported results, provide shareholders, analysts and other stakeholders with additional information to better understand the Group's financial performance and compare financial performance from period to period. These adjusted measures and other APMs are also used by management for planning and to measure the Group's performance. Management also uses adjusted measures to allow better comparability of information between operating segments. Investors and analysts should not rely on any single financial measure but should review the Annual Report, including the financial statements and notes, in their entirety.

Reported results are adjusted for significant items, which are defined on page 34, to derive adjusted results. A reconciliation from reported to adjusted measures is provided in the table below. Other alternative performance measures are defined in an Appendix on pages 200 to 202.

For 2020, the Group's adjusted and reported operating profit (or Earnings before interest and tax, 'EBIT') was £272m and £178m, versus £279m and £142m in the prior year. Reported operating profit (EBIT) increased by 25% due to a material reduction in the significant items. Adjusted operating profit (EBIT) decreased by 3% as lower revenues were only partially offset by lower costs.

| £m   | 2020           |                   |                | 2019     |                   |          |
|--|----------------|-------------------|----------------|----------|-------------------|----------|
|  | Adjusted       | Significant Items | Reported       | Adjusted | Significant Items | Reported |
| <b>Revenue<sup>1</sup></b>                                       | <b>1,794</b>   | <b>-</b>          | <b>1,794</b>   | 1,833    | -                 | 1,833    |
| Employment, compensation and benefits                            | (1,147)        | (6)               | (1,153)        | (1,134)  | (20)              | (1,154)  |
| General and administrative expenses                              | (333)          | (27)              | (360)          | (380)    | (55)              | (435)    |
| Depreciation and impairment of PPE and ROUA                      | (36)           | (1)               | (37)           | (33)     | (1)               | (34)     |
| Amortisation and impairment of intangible assets                 | (20)           | (39)              | (59)           | (23)     | (46)              | (69)     |
| Impairment of other assets                                       | -              | (23)              | (23)           | -        | (24)              | (24)     |
| <b>Operating expenses<sup>1</sup></b>                            | <b>(1,536)</b> | <b>(96)</b>       | <b>(1,632)</b> | (1,570)  | (146)             | (1,716)  |
| Other operating income <sup>1</sup>                              | <b>14</b>      | <b>2</b>          | <b>16</b>      | 16       | 9                 | 25       |
| <b>Operating profit (EBIT)<sup>1</sup></b>                       | <b>272</b>     | <b>(94)</b>       | <b>178</b>     | 279      | (137)             | 142      |
| Net finance expense <sup>1</sup>                                 | (49)           | -                 | (49)           | (49)     | -                 | (49)     |
| <b>Profit before tax</b>   | <b>223</b>     | <b>(94)</b>       | <b>129</b>     | 230      | (137)             | 93       |
| Tax <sup>1</sup>   | (55)           | 7                 | (48)           | (55)     | 15                | (40)     |
| Share of net profit of associates and joint ventures             | 16             | -                 | 16             | 15       | -                 | 15       |
| Non-controlling interests  | (1)            | -                 | (1)            | (1)      | -                 | (1)      |
| <b>Earnings attributable to the equity holders of the parent</b> | <b>183</b>     | <b>(87)</b>       | <b>96</b>      | 189      | (122)             | 67       |
| Operating profit margin  | 15.2%          | -                 | 9.9%           | 15.2%    | -                 | 7.7%     |
| Average number of shares   | 557.0m         | 557.0m            | 557.0m         | 559.4m   | 559.4m            | 559.4m   |
| <b>Basic EPS<sup>1</sup></b>                                     | <b>32.9p</b>   | <b>(15.7p)</b>    | <b>17.2p</b>   | 33.8p    | (21.8p)           | 12.0p    |

1 This figure is analysed in the following sections.

## Revenue

Total revenue of £1,794m in 2020 was 2% lower than 2019 on a reported basis, and 1% lower at constant exchange rates. 2020 marked an unprecedented period due to the emergence of the COVID-19 pandemic. This created a turbulent and uncertain environment globally. Throughout the period, much management attention was given to ensuring the continuity of our business and the broader financial services markets across every location during the evolving stages of the pandemic. We were taking into account varying external requirements and the safety and welfare of our staff and the need to maintain an appropriate level of supervision of broking activities in working from home conditions.

### Revenue by region and business division

|  | 2020         | 2019         | Reported change | Constant currency change |
|--|--------------|--------------|-----------------|--------------------------|
| By region                                      | £m           | £m           |                 |                          |
| EMEA   | 888          | 900          | -1%             | -1%                      |
| AMERICAS                                       | 670          | 687          | -2%             | -1%                      |
| APAC   | 236          | 246          | -4%             | -3%                      |
| <b>Reported revenues</b>                       | <b>1,794</b> | <b>1,833</b> | <b>-2%</b>      | <b>-1%</b>               |
| <b>By business division</b>                    |              |              |                 |                          |
| Rates  | 510          | 537          | -5%             | -4%                      |
| Credit   | 90           | 94           | -4%             | -3%                      |
| FX & Money Markets                             | 186          | 201          | -7%             | -7%                      |
| Emerging Markets                               | 183          | 213          | -14%            | -12%                     |
| Equities                                       | 201          | 199          | 0%              | +2%                      |
| Inter-division revenues <sup>1</sup>           | 18           | 18           | 0%              | 0%                       |
| <b>Total Global Broking</b>                    | <b>1,188</b> | <b>1,262</b> | <b>-6%</b>      | <b>-5%</b>               |
| Energy & Commodities                           | 388          | 379          | +2%             | +3%                      |
| Inter-division revenues <sup>1</sup>           | 3            | 3            | 0%              | 0%                       |
| <b>Total Energy &amp; Commodities</b>          | <b>391</b>   | <b>382</b>   | <b>+2%</b>      | <b>+3%</b>               |
| <b>Institutional Services</b>                  | <b>91</b>    | <b>75</b>    | <b>+21%</b>     | <b>+21%</b>              |
| <b>Data &amp; Analytics</b>                    | <b>145</b>   | <b>135</b>   | <b>+7%</b>      | <b>+9%</b>               |
| <b>Inter-division eliminations<sup>1</sup></b> | <b>(21)</b>  | <b>(21)</b>  | <b>0%</b>       | <b>0%</b>                |
| <b>Reported revenues</b>                       | <b>1,794</b> | <b>1,833</b> | <b>-2%</b>      | <b>-1%</b>               |

<sup>1</sup> Inter-division revenues have been received by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. The broking inter-segmental revenues and Data & Analytics inter-segmental costs are eliminated upon the consolidation of the Group financial results.

## Financial and operating review

continued

Regarding regional performance, EMEA revenue for the region decreased by 1% in 2020 compared with 2019 on a reported basis (1% lower on a constant currency basis), with mixed results in different asset classes. During 2020, our broking staff headcount increased to 1,266 mainly due to the Louis Capital Markets (LCM) acquisition and ICAP Oil hires.

Americas revenues decreased by 2% in 2020 versus 2019 on a reported basis (1% lower on a constant currency basis). This was due to difficult market conditions for TP ICAP's traditional Global Broking business, offset by strong growth in our growing Institutional Services and Energy & Commodities divisions.

Revenue in Asia Pacific in 2020 versus 2019 decreased 4% on a reported basis (3% lower on a constant currency basis). This was driven mainly by a decline in Global Broking, partially offset by revenue increases in Energy & Commodities, Institutional Services and Data & Analytics.

Regarding divisional performance, volatility indices spiked during the first quarter across a number of asset classes, including equities and energy. However, this trend largely reversed as the year progressed. Since May, we witnessed reduced volatility, a new round of quantitative easing, lowering interest rates and flattening yield curves. These trends are generally negative for our broking divisions. Despite this mixed environment, Energy & Commodities, Data & Analytics and Institutional Services performance remained strong. This performance was offset by subdued performances in Global Broking, especially in Emerging Markets.

We continued to recognise Inter-division revenue in Global Broking and Energy & Commodities to identify the value of data provided to the Data & Analytics division.

Global Broking revenues were 6% lower on a reported basis (5% lower on a constant currency basis). Rates division shrunk by 5% on a reported basis (4% lower on a constant currency basis). While rates activity was strong during the first quarter, new measures of governments' support globally, including interest rate reductions and quantitative easing, painted a weak picture since the summer. Conditions in credit markets were challenging for inter-dealer brokers, as a number of new competitors continued to gain market share and the issuance growth did not lead to high secondary trading. This led Credit revenue to decline 4% on a reported basis (3% lower on a constant currency basis). FX & Money Markets and Emerging Markets both saw revenue declines of 7% (7% on a constant currency basis) and 14% (12% on a constant currency basis) respectively compared with the prior year due to subdued client activity on lower volume and volatility.

Emerging Markets were especially impacted due to the earlier impact of COVID-19. Finally, Equities revenues were flat on a reported basis (2% higher on a constant currency basis). Market was favourable for cash equities trading, but TP ICAP is geared to equity derivatives, which was very mixed especially during the summer months.

Energy & Commodities revenue increased 2% on a reported basis (3% higher on a constant currency basis) compared to 2019 as market volatility provided a number of trading opportunities, especially between January and April. Revenues increased in most products, including Oil and Power. There was notable double-digit revenue growth in Gas and Environmental products. Other notable successes include the build-out of ICAP Oil business, Japanese Power, PVM US Gas & Power and Weather Derivatives.

Institutional Services revenue grew by 21% on a reported basis (21% higher on a constant currency basis) compared to 2019 on a broadened asset market coverage, expanded geographical presence and focusing on higher value electronic execution services. Revenues grew strongly in the key product lines, including exchange traded derivatives, equity derivatives, government bonds and FX. This performance was led by higher volatility and increased client demand. We also benefited from changing market dynamics as our agency execution model continues to gain ground. We continued to add new hires and accelerate our client onboarding processes, which have also improved the performance of the business.

Data & Analytics revenue was 7% higher than 2019 on a reported basis (9% on a constant currency basis). Like most companies in the financial market data sector, we initially experienced a setback to growth earlier this year due to the impact of COVID-19. This was due to higher cancellation rates, deferral of clients' new initiatives and regulators' compliance dates for new regulations. However, the business recovered strongly through the second half of the year, producing double-digit growth for the last quarter. During 2020, we launched six new products, including our first Information product, started a direct-to-service service and expanded our Channel Partners to include the public cloud providers. We continue to show Inter-segmental revenues received by Global Broking and Energy & Commodities to reflect the value of proprietary data provided to the Data & Analytics division. These inter-division revenues 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.

## Operating expenses

Total operating costs were £1,632m, which was 5% lower than in 2019 on a reported basis. Total adjusted operating costs of £1,536m in 2020 were 2% lower than 2019 (1% lower on a constant currency basis (see Note 5 in the Financial Statements for further details)). This has been driven by a decrease in front office and management and support costs.

| Operating expenses   | 2020<br>£m   | 2019<br>£m   | Change<br>£m | Reported change | Constant currency<br>change |
|--|--------------|--------------|--------------|-----------------|-----------------------------|
| Broker compensation  | 902          | 900          | 2            | 0%              | +1%                         |
| Other front office costs   | 162          | 193          | (31)         | -16%            | -14%                        |
| Data & Analytics costs   | 50           | 46           | 4            | +9%             | +9%                         |
| <b>Total front office costs<sup>1</sup></b>                                | <b>1,114</b> | <b>1,139</b> | <b>(25)</b>  | <b>-2%</b>      | <b>-1%</b>                  |
| Other employment costs   | 224          | 215          | 9            | +4%             | +5%                         |
| Technology and related costs <sup>2</sup>                                  | 69           | 59           | 10           | +17%            | +19%                        |
| Premises and related costs <sup>2</sup>                                    | 27           | 26           | 1            | +4%             | 4%                          |
| Depreciation and amortisation <sup>3</sup>                                 | 56           | 56           | 0            | 0%              | 0%                          |
| Other administrative costs <sup>2</sup>                                    | 46           | 75           | (29)         | -39%            | -38%                        |
| <b>Total management and support costs</b>                                  | <b>422</b>   | <b>431</b>   | <b>(9)</b>   | <b>-2%</b>      | <b>-1%</b>                  |
| <b>Total adjusted operating costs</b>                                      | <b>1,536</b> | <b>1,570</b> | <b>(34)</b>  | <b>-2%</b>      | <b>-1%</b>                  |
| Significant items <sup>4</sup> :   | 96           | 146          | (50)         | -34%            | n/a                         |
| Restructuring and other related costs                                      | 20           | 12           |              |                 |                             |
| Disposals and acquisitions and investments in new businesses               | 53           | 57           |              |                 |                             |
| Goodwill impairment  | 21           | 24           |              |                 |                             |
| Settlements and provisions in connection with legal and regulatory matters | 2            | 19           |              |                 |                             |
| ICAP integration costs   | -            | 34           |              |                 |                             |
| <b>Total operating expenses</b>  | <b>1,632</b> | <b>1,716</b> | <b>(84)</b>  | <b>-5%</b>      | <b>n/a</b>                  |

1 Presented in line with our divisional disclosures.

2 Included in general and administrative expenses

3 Includes depreciation and impairment of PPE and ROUA and Amortisation and impairment of intangibles.

4 Split by type of operating cost in Note 4.

The table above sets out administrative expenses on the basis reviewed by management, divided principally between front office and management and support costs. Front office costs have a larger variable component to them and are directly linked to the output of our brokers.

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

Broker compensation costs marginally increased on a reported basis (+1% at constant currency) due to the acquisition of LCM. Excluding this acquisition, broker compensation costs were flat at constant currency. This is despite lower revenues, due to the shift in revenue mix towards businesses with a higher compensation ratio, mainly to Energy & Commodities, but also Institutional Services which is still in growth mode.

Overall, broker compensation ratio increased to 54.7% (+1.6% pts year-on-year). A proportion of the increase is due to the resulting decline in travel and entertainment caused by the pandemic during the year. Travel and entertainment costs are usually recharged to the brokers. This increases the broker compensation ratio but does not have an impact on contribution. The rest of the broker compensation ratio increase is due to the aforementioned revenue shift toward higher compensation ratio businesses.

Other front office costs have decreased by 16% (£31m) on a reported basis (14% lower on a constant currency basis). There were reductions of £22m in travel and entertainment and £5m lower expected credit losses on customer receivables, partly offset by higher telecommunications and information services costs.

The increase in front-office Data & Analytics costs of 9% on a reported basis (9% higher on a constant currency basis) reflects its investment to achieve top-line growth.

The £9m increase in the other staff costs on a reported basis (£11m on a constant currency basis) reflect increased technology (£5m), risk (£1m) and legal and compliance (£1m) support costs as we enhance these functions to fulfil our increased IT strategic needs and ensure compliance in an ever-changing environment.

Technology and related costs includes the costs of all external technology services, including maintenance contracts, consultancy, market data services and communications costs. During 2020, these costs increased by £10m on a reported basis (£11m higher on a constant currency basis) due to a combination of planned increases regarding IT infrastructure modernisation, cyber and surveillance IT projects, other IT investments and COVID-19 related IT spending, such as investment in cloud services.

## Financial and operating review

continued

The significant decrease in other administrative costs (£29m lower on a reported basis, £28m lower on a constant currency basis) includes lower corporate travel and entertainment (£4m), £9m lower consultancy and agency fees, lower Brexit costs (£3m), and lower currency exchange net losses arising on monetary assets and liabilities in the current year (£8m) compared to 2019.

### Significant items

Significant items are material items, that may span several accounting periods, that are excluded from reported measures to allow better comparability of financial performance from period to period and give additional information to better understand the Group's financial performance when considered together with reported results.

Total significant items amounted to £94m in 2020 (2019: £137m). Significant items include:

**Restructuring and related costs of £20m (2019: £12m)** arise from Restructuring and related costs arise from initiatives to reduce the ongoing cost base and improve efficiency in the business to enable the delivery of our strategic priorities. These initiatives are material in size and nature to warrant exclusion from adjusted measures. These initiatives may span several accounting periods. Costs for other smaller scale restructuring are retained within both reported and adjusted results. In 2020 the following restructuring and related costs were considered to be significant items:

- (i) £8m relating to the Group's re-domiciliation to Jersey announced in December 2019. These were mainly professional advisory fees in readiness preparation of the Group leading up to the re-domiciliation which was successfully undertaken on 26 February 2021. The nature of this project is one-off and costs are not expected to be incurred after 2021;
- (ii) £4m of premises related costs following various office integrations, mainly in relation to ongoing costs of maintaining property which became vacant or is available to be sub-let;
- (iii) £4m additional costs incurred from the restructuring of senior management within the Global broking division relating to the Group's cost reduction reorganisation programme announced in November 2020;
- (iv) £2m relates to additional costs whilst transferring capabilities to our Belfast office which is part of the Group's cost effectiveness programme; £1m of ongoing costs incurred in winding up the Group's UK defined benefit which commenced in 2019 (£4m for 2019); and
- (v) other employee long-term benefit costs of £1m relating to remeasurement of uninsured Group income protection liabilities (2019: £1m).

As adjusted results include the benefits of material restructuring programmes but some of the related costs have been excluded, they should not be regarded as a complete picture of the Group's financial performance, which is presented in the reported results.

### Disposals, acquisitions and investments in new businesses £53m (2019: £57m)

Costs, and any related income, related to disposals, acquisitions and investments are transaction dependent and can vary significantly year-on-year, depending on the size and complexity of each transaction. These amounts, including the amortisation of intangible assets arising on consolidation, are excluded in deriving adjusted results to better reflect the trading performance of the Group and its segments. Amortisation of intangible assets arising on consolidation is treated in line with acquisition related costs, the exclusion of which normalises the impact of deal dependent pricing and allows better comparability of performance from period to period. Amortisation of purchased and developed software is retained in both the reported and adjusted results as these are considered to be core to supporting the operations of the business.

In 2020 the following disposal, acquisition and investment costs were considered to be significant items:

- (i) acquisition costs of £11m related mainly to the proposed Liquidnet acquisition. For 2019, we incurred £6m principally for the Axiom, ClearCompress and LCM acquisitions;
- (ii) £39m (2019: £42m) relating to the amortisation of intangibles arising on acquisitions;
- (iii) Adjustments to deferred or contingent consideration of £2m (2019: £6m) arose mainly from changes in estimates relating to the Axiom acquisition, partly offset by changes in estimates on the LCM and ClearCompress acquisitions. The Group also impaired the carrying value of an investment in an associate by £1m.

As adjusted results include the benefits of acquisitions but some of the related costs have been excluded, they should not be regarded as a complete picture of the Group's financial performance, which is presented in the reported results.

**Goodwill impairment** as with other related acquisition costs and adjustments, management consider goodwill impairment separately due to significant variations year-on-year, to aid comparability of results. In H1 2020, the carrying value of the Asia-Pacific CGU has been written down by £21m (2019: £24m) (see note 13 on pages 148 and 149).

**Legal and regulatory matters** Costs and recoveries, related to certain legal and regulatory cases are treated as significant items due to their size and nature. Management consider these cases separately due to the judgements and estimation involved, the costs and recoveries of which could vary significantly year-on-year.

**Recoveries £2m (2019: £9m)** £2m was recovered from the CME Group under the terms of the ICAP acquisition and have been reported within other operating income. In 2019, £9m was recovered in relation to an employment-related legal settlement.

## Regional Analysis

This section demonstrates the performance of the three Regions where TP ICAP operates by division in terms of revenues, contribution and operating profit.

| 2020 £m  | EMEA         | AMERICAS     | APAC         | Total          |
|--|--------------|--------------|--------------|----------------|
| <b>Revenue</b>                                       | <b>888</b>   | <b>670</b>   | <b>236</b>   | <b>1,794</b>   |
| <b>Total front-office costs</b>                      | <b>(518)</b> | <b>(442)</b> | <b>(154)</b> | <b>(1,114)</b> |
| <b>Contribution</b>                                  | <b>370</b>   | <b>228</b>   | <b>82</b>    | <b>680</b>     |
| Contribution margin                                  | 41.2%        | 34.0%        | 34.7%        | 37.9%          |
| Management and support costs                         | (216)        | (135)        | (71)         | (422)          |
| Other operating income                               | 6            | 3            | 5            | 14             |
| <b>Adjusted operating profit (EBIT)<sup>1</sup></b>  | <b>160</b>   | <b>96</b>    | <b>16</b>    | <b>272</b>     |
| Adjusted operating profit (EBIT) margin <sup>1</sup> | 18.0%        | 14.3%        | 6.8%         | 15.2%          |

| 2019 £m  | EMEA       | AMERICAS  | APAC      | Total      |
|--|------------|-----------|-----------|------------|
| Revenue  | 900        | 687       | 246       | 1,833      |
| Total front-office costs                             | (524)      | (458)     | (157)     | (1,139)    |
| Contribution   | 376        | 229       | 89        | 694        |
| Contribution margin                                  | 41.8%      | 33.3%     | 36.2%     | 37.9%      |
| Management and support costs                         | (222)      | (140)     | (69)      | (431)      |
| Other operating income                               | 10         | 5         | 1         | 16         |
| Adjusted operating profit (EBIT) <sup>1</sup>        | <b>164</b> | <b>94</b> | <b>21</b> | <b>279</b> |
| Adjusted operating profit (EBIT) margin <sup>1</sup> | 18.2%      | 13.7%     | 8.5%      | 15.2%      |

<sup>1</sup> Refer to reconciliation on page 30.

### EMEA

Revenue for the region decreased by 1% in 2020 compared with 2019 on a reported basis (1% lower on a constant currency basis), with mixed results in different asset classes. During 2020, our broking staff headcount increased to 1,260 mainly due to the Louis Capital Markets (LCM) acquisition and ICAP Oil hires.

Global Broking revenues fell 6% versus 2019. Overall, the division had a very strong first half of 2020 with exceptional volatility levels in March and April, caused by the pandemic. However, since May, market dynamics reversed as many clients decided to reduce risk and close out position and government reduced interest rates to very low levels and restarted quantitative easing. In terms of products, Rates and FX reported lower revenues as strong H1 was offset by lowering interest rates and traders working from home as the year progressed. Emerging Markets revenues were materially lower year-on-year as many emerging market economies were hit hard by COVID-19, especially South Africa and Turkey.

Credit revenues increased during the year through higher primary issuance, stronger CDS and insurance markets, offset by weaker performance in some other products. Finally, Equities were slightly up year-on-year, primarily due to the LCM acquisition. LCM was able to offset the decline on Q2 dividend season that was severely impacted due to the pandemic.

Energy & Commodities revenues increased slightly year-on-year. This was materially due to the oil price volatility witnessed in the first half of the year. The second half saw some decline with less freight being transported around the world and continued uncertainty regarding forward contracts. The flight to gold enabled the precious metals business to have a very strong year. We continued to grow our ICAP brand with important hires in our oil products.

Institutional Services revenues saw a 17% increase versus 2019. The division expanded its EMEA product offering by opening a COEX Rates desk during the year as well as growing its exchange traded derivatives (ETD) business.

Data & Analytics were less impacted by market volatility due to the nature of its subscription business. However, the broadening of its product range and customer base led to 9% revenue increase year-on-year.

Contribution margin for the region reduced by 0.6 percentage points to 41.2%, mainly due to lower revenues, increased costs associated with adjusting to a working from home environment and higher compensation ratio.

Adjusted operating profit in EMEA of £160m was 2% lower than 2019, and with revenue down 1% on a reported basis (and 1% lower on a constant currency basis), the adjusted operating profit margin has decreased by 0.2 percentage points, to 18.0%. This was a result of reduced revenues, the completion of Louis Capital Markets acquisition and continuous investment in IT and Hub Strategies, offset by some reduction in the support head headcount.

## Financial and operating review

continued

### Americas

Americas revenues decreased by 2% in 2020 versus 2019 on a reported basis (1% lower on a constant currency basis). This was due to difficult market conditions for TP ICAP's traditional Global Broking business, offset by strong growth in our Institutional Services and Energy & Commodities divisions.

Within the Global Broking business, the volatility in March and April boosted our first half markets. However, general market conditions worsened as the year progressed and clients reduced their risk appetite. Overall, Global Broking revenues declined 5% year-on-year. All asset classes, excluding Equities, posted lower revenues versus 2019.

Rates revenues decreased by 10% as USD swaps and Treasuries markets weakened in the second half of the year. Rates continues to be the largest asset class in the Americas. Emerging Markets revenues were the worst performing class for 2020, as developing markets were asymmetrically affected by the pandemic and working offsite conditions.

Equities revenues were up marginally year-on-year due to new product development. While the cash equities market was very strong, equity derivatives faced a mixed year, affected by a slower Q2 dividend season. FX & Money Markets businesses saw small revenue declines in 2020, due to lower volatility levels and client de-risking in Forward FX.

US fixed income markets remained subdued for inter-broker dealers, as market structure is changing and new market entrants surface. TP ICAP reported single-digit revenue decline.

The Americas' Energy & Commodities business demonstrated another strong year, with a 4% revenue increase. There were increased revenues in oil 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 was the standout performer of the Americas' region in 2020, with 29% revenue growth. The business expanded its product offerings and it remains an area for growth opportunities.

Contribution margin improved 0.6 percentage points to 14.3%, as lower revenues were more than offset by materially lower travelling and entertainment.

In the Americas, the adjusted operating profit of £96m is 2% higher than 2019 but the adjusted operating profit margin has increased by 0.6 percentage point to 14.3% on higher contribution margin and tight cost management, partially offset by continuous investment in IT and Hub Strategies.

### Asia Pacific

Revenue in Asia Pacific in 2020 versus 2019 decreased 4% on a reported basis (3% lower on a constant currency basis). This was driven mainly by a decline in Global Broking, partially offset by revenue increases in Energy & Commodities, Institutional Services and Data & Analytics.

Global Broking revenue declined year-on-year by 8% to £184m. The year started healthily but going into the second quarter, the impact of the pandemic began to cause a reduction in risk appetite and trading volumes. A low interest rate environment, especially in Australia where rates got capped during the year, kept market volumes at muted levels. Japanese markets were relatively quiet after the first quarter and remained slow throughout the year. During the year, we undertook a review of underperforming desks and took some actions, including targeted compensation adjustments and selected staff exits where appropriate, while maintaining our service to customers across all key asset classes. This review led to limited impact on revenue but was positive on Asia Pacific's contribution rate. During the year, we took majority control of our Malaysian business and started to consolidate it to our regional revenues.

Energy & Commodities revenue grew by 11% year-on-year. This reflected the benefit of a number of recently established desks as we have increased the scale and diversification of our business. These new desks brought in new revenue and included TP middle distillates, PVM Gasoline, and ICAP branded Precious Metals. Importantly, the competing desks already operating under other brands continued to perform well.

Institutional Services initiated FX Option business in Singapore in 2019 and this business continued to develop during 2020, though at a relative low pace given similar headwinds to those affecting the Global Broking business.

The overall contribution margin decreased year-on-year by 1.6% from 36.3% to 34.7%. This deterioration in contribution rate arose in Global Broking, Energy & Commodities and also from the impact of starting up the Institutional Services business.

Adjusted operating profit in Asia Pacific decreased to £16m in 2020 (£5m lower than in 2019), while the adjusted operating profit margin has reduced by 1.7 percentage points to 6.8% with the benefit of reductions in management and support costs as a result of the integration being more than offset by revenue decline and costs relating with the scaling of Institutional Services.

Contribution margin declined 1.5 percentage point to 34.7%. This deterioration in contribution rate arose due to lower revenues in Global Broking, but also from the impact of starting up the Institutional Services business.

Overall, adjusted profit margin of 6.8% in 2020 was lower than the 8.5% 2019 margin, as lower revenues and contribution, combined with central allocations regarding IT investments could not be offset by support cost savings.



| 2020 £m                                 | Global Broking        | Energy & Commodities            | Institutional Services        | Data & Analytics            | Corporate Centre        | Total          |
|---|-----------------------|---------------------------------|-------------------------------|-----------------------------|-------------------------|----------------|
| <b>Revenue:</b>                         | <b>1,188</b>          | <b>391</b>                      | <b>91</b>                     | <b>145</b>                  | <b>(21)</b>             | <b>1,794</b>   |
| > External                              | 1,170                 | 388                             | 91                            | 145                         | -                       | 1,794          |
| > Inter-division <sup>1</sup>           | 18                    | 3                               | -                             | -                           | (21)                    | -              |
| <b>Total front-office costs</b>         | <b>(734)</b>          | <b>(261)</b>                    | <b>(69)</b>                   | <b>(71)</b>                 | <b>21</b>               | <b>(1,114)</b> |
| > External                              | (734)                 | (261)                           | (69)                          | (50)                        | -                       | (1,114)        |
| > Inter-division <sup>1</sup>           | -                     | -                               | -                             | (21)                        | 21                      | -              |
| <b>Contribution</b>                     | <b>454</b>            | <b>130</b>                      | <b>22</b>                     | <b>74</b>                   | <b>-</b>                | <b>680</b>     |
| Contribution margin                     | 38.2%                 | 33.2%                           | 24.2%                         | 51.0%                       | -                       | 37.9%          |
| Management and support costs            | (260)                 | (78)                            | (15)                          | (10)                        | (59)                    | (422)          |
| Other operating income                  | 3                     | 1                               | -                             | -                           | 10                      | 14             |
| <b>Adjusted operating profit (EBIT)</b> | <b>197</b>            | <b>53</b>                       | <b>7</b>                      | <b>64</b>                   | <b>(49)</b>             | <b>272</b>     |
| Adjusted operating profit (EBIT) margin | 16.6%                 | 13.6%                           | 7.7%                          | 44.1%                       | n/a                     | 15.2%          |
| Significant items                       |                       |                                 |                               |                             |                         | (94)           |
| Reported operating profit (EBIT)        |                       |                                 |                               |                             |                         | 129            |
| Reported operating profit (EBIT) margin |                       |                                 |                               |                             |                         | 9.9%           |
| <b>2019 £m</b>                          | <b>Global Broking</b> | <b>Energy &amp; Commodities</b> | <b>Institutional Services</b> | <b>Data &amp; Analytics</b> | <b>Corporate Centre</b> | <b>Total</b>   |
| Revenue:                                | 1,262                 | 382                             | 75                            | 135                         | (21)                    | 1,833          |
| > External                              | 1,244                 | 379                             | 75                            | 135                         | -                       | 1,833          |
| > Inter-division <sup>1</sup>           | 18                    | 3                               | -                             | -                           | (21)                    | -              |
| Total front-office costs                | (775)                 | (261)                           | (57)                          | (67)                        | 21                      | (1,139)        |
| > External                              | (775)                 | (261)                           | (57)                          | (46)                        | -                       | (1,139)        |
| > Inter-division <sup>1</sup>           | -                     | -                               | -                             | (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             |
| Adjusted operating profit (EBIT)        | 221                   | 46                              | 3                             | 59                          | (50)                    | 279            |
| Adjusted operating profit (EBIT) margin | 17.5%                 | 12.0%                           | 4.0%                          | 43.7%                       | n/a                     | 15.2%          |
| Significant items                       |                       |                                 |                               |                             |                         | (137)          |
| Reported operating profit (EBIT)        |                       |                                 |                               |                             |                         | 142            |
| Reported operating profit (EBIT) margin |                       |                                 |                               |                             |                         | 7.7%           |

1 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.

### Divisional Analysis

This section demonstrates the performance of TP ICAP Group by division in terms of revenues, contribution and operating profit. 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) declined 3% to £606m, 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.

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 2020 the overall level of contribution was 2% lower at £680m year-on-year. The overall contribution margin was flat at 37.9% as lower revenues were more than offset by lower front office costs. There was some broker compensation ratio increase, due to revenue shift changes and lower travel and entertainment that is usually recharged to the brokers, offset by lower discretionary bonuses and lower clearing and settlement fees. TP ICAP's adjusted operating profit (EBIT) of £272m is 3% lower than the prior year, as lower revenues were only partially offset by lower front office and net management and support cost savings. The operating profit (EBIT) margin stayed flat at 15.2%.

**Global Broking** revenues were 6% lower on a reported basis (5% lower on a constant currency basis). Following a strong first quarter, activity significantly abated as the year progressed. This led to a weaker performance in most asset classes. Rates, FX & Money Markets, Emerging Markets and Credit. This performance was only partially offset by small growth in Equities.

Lower revenues led to a small 0.4% pts decline in contribution margin, as the impact of smaller top-line was absorbed by lower discretionary bonuses, lower travel and entertainment and lower clearing and settlement fees.

The adjusted operating profit (EBIT) decreased to £197m, or 11% lower versus 2019. This was a result of reduced revenue, increased costs associated with adjusting to a working from home environment for many staff, the region becoming Brexit ready, the Louis Capital Markets (LCM) acquisition and continued investment in IT, Cyber and Risk & Compliance costs and our Hub strategy. Operating profit (EBIT) margin decreased 0.9 percentage points to 16.6%.

**Energy & Commodities** revenues increased 2% on a reported basis (3% higher on a constant currency basis) compared to 2019 as market volatility provided a number of trading opportunities, especially between January and April. Revenues increased in most products, including Oil and Power. There were notable double-digit revenue growth in Gas and Environmental products.

Contribution increased 7% year-on-year to £130m, mainly due to higher revenues offset mainly through the broker compensation ratio increase, due to revenue shift changes, combined with higher initial contract payments ('ICP') amortisation.

The adjusted operating profit (EBIT) increased to £53m, or 15% higher versus 2019. This is primarily due to higher revenues, supported by some front-office, management related savings and contract re-negotiations partially offset by higher ICP. The adjusted operating profit (EBIT) margin improved 1.6 percentage points to 13.6%.

**Institutional Services** revenue grew by 21% on a reported basis (21% higher on a constant currency basis) compared to 2019 on a broadened asset market coverage, expanded geographical presence and focusing on higher value electronic execution services. Revenues grew strongly in the key product lines, including exchange traded derivatives, equity derivatives, government bonds and FX. This performance was led by higher volatility, increased client demand but also stemming from changing market dynamics as our agency execution model continues to gain ground and investment banks continue to reorganise their sales coverage teams. We continued to add new hires and accelerate our client onboarding processes, which have also improved the performance of the business.

Contribution increased to £22m, with contribution margin increasing slightly by 0.2% pts to 24.2%. The increase is due to strong revenue growth, offset by higher trading costs, compensation and IT costs as we continue to build scale.

Institutional Services improved its adjusted operating profit (EBIT) to £7m (233% higher year-on-year). The business continues to generate necessary scale to improve its profitability, with very strong revenue growth. The adjusted operating profit (EBIT) margin improved to 7.7%, 3.7 percentage points higher year-on-year.

**Data & Analytics** revenue was 7% higher than 2019 on a reported basis (9% on a constant currency basis). Like most companies in the financial market data sector, we initially experienced a setback to growth earlier this year due to the impact of COVID-19. This was due to higher cancellation rates, deferral of clients' new initiatives and regulators' compliance dates for new regulations. However, the business recovered strongly through the second half of the year, producing double-digit growth for the last quarter. During 2020, we launched six new products, including our first Information product, started a direct-to-service service and expanded our Channel Partners to include the public cloud providers. We continue to show Inter-segmental charges 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.

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 2020, Contribution improved to £74m (9% higher year-on-year) mainly due to higher revenues, as Data & Analytics continues to build scale, launching new higher-value products, improving distribution channels and increasing the number of clients in the buy-side and the sell-side. Contribution margin increased to 51.0% or 0.6 percentage points higher year-on-year.

Finally, Data & Analytics reported strong adjusted operating profit (EBIT) of £64m, or 8% higher versus 2019. The results benefited from strong revenue growth and positive operational leverage. As such, the adjusted operating profit (EBIT) margin improved to 44.1%, 0.4 percentage points higher year-on-year.

#### Net finance expense

The reported net finance expense, finance costs less finance income, of £49m is in line with the £49m charged in 2019, as lower finance costs were offset by lower interest income. Interest expense was £52m, of which £36m relates to the Group's Sterling Notes, £3m of bank facility costs, £1m relating to the amortisation of debt issue and bank facilities and £1m of other interest payable. The interest expense includes £11m interest payable on IFRS16 lease liabilities. The expense is offset by £2m of interest income and £1m of income of finance lease receivables.

#### Tax

The effective rate of tax on reported profit before tax is 37% (2019: 43%), reflecting the tax deductibility of certain expenditure classed as significant items. The effective rate of tax on adjusted profit before tax is 24.7% (2019: 23.9%). The rate is consistent with the outlook previously given, noting that the prior year effective tax rate was lower due to a greater impact from the conclusion of prior year tax liabilities at less than the amount provided.

#### Basic EPS

The average number of shares used for the basic EPS calculation of 557m reflects the 563.3m shares in issue less the 4.5m shares held by the Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment element of the 4.8m of shares acquired by the Employee Benefit Trust to satisfy deferred share awards made to senior management, and the 0.7m of deferred shares meeting their vesting requirements in June. The Employee Benefit Trust has waived its rights to dividends. Post year-end, the number of shares in issue increased to 788m due to the rights issue that was completed on 16 February 2021.

#### Dividend

For 2020, the Group proposes a full-year dividend per share ('DPS') of 6p that equates to £47m (2019 DPS: 11.9p, rebased to take into account the bonus element of the rights issue completed on 16 February 2021), a one-off c.50% reduction to the prior year. This reduction will help fund the Liquidnet acquisition and minimise dilution of earnings on a per share basis. For 2021 onwards, we will target a dividend cover of approximately 2x adjusted earnings. The new dividend policy reflects a balanced approach to capital allocation and is expected to allow TP ICAP to drive growth, while allowing dividends to increase in line with adjusted earnings.

## Financial and operating review

continued

### Cash flow

| 2020 £m   | Adjusted   | Significant items | Reported   |
|---|------------|-------------------|------------|
| <b>Operating profit (EBIT)</b>  | <b>272</b> | <b>(94)</b>       | <b>178</b> |
| Share-based payment charge and pension scheme administration fees         | 9          | (1)               | 8          |
| Depreciation and amortisation   | 33         | -                 | 33         |
| Depreciation on leased assets   | 23         | -                 | 23         |
| Non-cash items  | -          | 5                 | 5          |
| Impairment and amortisation of intangible assets arising on consolidation | -          | 60                | 60         |
| Change in initial contract prepayments                                    | (4)        | -                 | (4)        |
| Working capital   | (28)       | (5)               | (33)       |
| <b>Cash generated from operations</b>                                     | <b>305</b> | <b>(35)</b>       | <b>270</b> |
| Capital expenditure   | (53)       | -                 | (53)       |
| <b>Operating cash flow</b>  | <b>252</b> | <b>(35)</b>       | <b>217</b> |
| Interest paid   | (53)       | -                 | (53)       |
| Tax paid  | (80)       | 7                 | (73)       |
| <b>Free cash flow</b>   | <b>119</b> | <b>(28)</b>       | <b>91</b>  |

### Cash flow

| 2019 £m   | Adjusted | Significant items | Reported |
|---|----------|-------------------|----------|
| Operating profit (EBIT)   | 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       |
| Change in initial contract prepayments                                    | (2)      | 2                 | -        |
| Working capital   | (21)     | 1                 | (20)     |
| Cash generated from operations  | 319      | (54)              | 265      |
| Capital expenditure   | (33)     | -                 | (33)     |
| Operating cash flow   | 286      | (54)              | 232      |
| Interest paid   | (53)     | -                 | (53)     |
| Tax paid  | (73)     | 9                 | (64)     |
| Free cash flow  | 160      | (45)              | 115      |

#### Cash flow statement

The cash flow presentation reconciles the adjusted cash flow generation, excluding the impact of significant items, to the reported net cash flow from operations. The impact on EBITDA of significant items was £30m mainly due to acquisition and business reorganisation costs.

During the year, there was a 6% decline in reported operating cash flow of, as higher reported operating profit (EBIT) was offset by higher initial contract prepayments (ICP), changes in working capital and incremental capital expenditure regarding our new London Headquarters and investment in IT.

During the period there was a small increase in initial contract prepayments. The working capital outflow of £28m which mainly reflects the reduced management and support bonuses and associated payroll taxes. Capital expenditure has increased to £53m reflecting incremental spending on our new London Headquarters and continued IT spending on routine, mandatory and investment projects.

After interest paid and adjusted taxation paid, the adjusted free cash flow for the Group was £119m, a decrease of £41m year-on-year, mainly due to higher capital expenditure.

The revolving credit facility provided by a syndicate of banks was refinanced in December 2018 on improved terms increasing our overall facility to £270m from £250m. The main revolving credit facility now matures in December 2023, and no cash was drawn as at the period end (2019: £0m).

In August 2020 the Group entered into a revolving credit facility with a related party, Tokyo Tanshi Co., Ltd. ('Totan') for JPY 10bn (c.£71m) with an initial maturity of two years. This facility can be extended for six months by mutual agreement semi-annually. The current maturity date is 27 February 2023. JPY 4bn (£28m equivalent) was drawn as at the period-end. During 2020, no refinancing actions were carried out on the bonds issued by the Group under its £1bn Euro Medium Term Note Programme. The amounts of bonds outstanding remain £250m 5.25% Notes due 2026 (2019: £250m) and £431m 5.25% Notes due 2024 (2019: £431m).

### Cash, cash equivalents and financial investments

Of the £783m cash and financial investments balance at the period end, £687m is held in 74 regulated entities to meet regulatory capital, margin and other trading requirements as well as accrued profits, £86m is held in non-regulated entities for working capital

requirements as well as accrued profits and £10m is held in corporate holding companies. The £687m 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<br>2020 | At 31 Dec<br>2019 |
|-----------------------------------|-------------------|-------------------|
| 5.25% Sterling Notes January 2024 | 431               | 431               |
| 5.25% Sterling Notes May 2026     | 250               | 250               |
| Revolving credit facility – Banks | –                 | –                 |
| Revolving credit facility – Totan | 28                | –                 |
| Overdraft                         | 7                 | –                 |
| Unamortised debt issue costs      | (2)               | (2)               |
| Accrued interest                  | 11                | 11                |
| Gross Debt pre-IFRS 16            | 725               | 690               |
| IFRS 16 lease liabilities         | 212               | 140               |
| Total Debt                        | 937               | 830               |

### 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 below.

|           | Average |        | Period end |        |
|-----------|---------|--------|------------|--------|
|           | 2020    | 2019   | 2020       | 2019   |
| US Dollar | \$1.29  | \$1.28 | \$1.37     | \$1.32 |
| Euro      | €1.13   | €1.14  | €1.12      | €1.18  |

### Pensions

The Group has one defined benefit pension scheme in the UK that is currently in the process of being wound up.

The Sponsor and Trustee commenced the wind-up of the Scheme in 2019 to enable the Trustee to exchange the Scheme's bulk annuity policy for individual policies that will be held directly by the Scheme's beneficiaries, in a process known as a 'buy-out'. 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 £49m (2019: £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 a significant item in the Income Statement as and when those benefits are agreed. Costs associated with the settlement of the Scheme's liabilities will also be recorded as a significant item in the Income Statement as and when incurred. Past service and settlement costs amounted to £1m in 2020 (2019: £3m).

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

As at 31 December 2020 the Group's lead regulator was the FCA. Following the Group's redomiciliation to Jersey as of 26 February 2021, the Group now falls under the regulation of the Jersey Financial Services Commission.

As at 31 December 2020 the Group held an FCA waiver from the consolidated capital adequacy requirements under CRD IV. The waiver took effect on 30 December 2016, following the acquisition of ICAP, with an expiry of 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 as at 31 December 2020, 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 waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

As at 31 December 2020, the Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £1,550m (2019: £1,591m). 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](http://www.tpicap.com).

Following the redomiciliation to Jersey, the Group will no longer be subject to the consolidated capital adequacy requirements under CRD IV and as a result the 'Financial Holding Company test' and CRD IV waiver requirements of the FCA are no longer applicable. The FCA has become the lead regulator of the Group's sub-consolidated activities, legally headed by the UK, for which the consolidated capital adequacy requirements under CRD IV now apply. This sub-group has not applied for a waiver as the sub-group maintains an appropriate excess of financial resources.

# 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 2023.

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 44 to 49;
- > 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 Bank revolving credit facility and c.£71m Totan revolving credit facility (see Note 24 on page 159);
- > the Group does not experience any material change in its capital or liquidity requirements, including as a result of any changes introduced by the new prudential regimes for investment firms to be introduced in the UK and EU (IFPR and IFR/IFD respectively);
- > the Group takes appropriate actions to maintain continuity of operations in the EU following the UK's departure from the EU and to mitigate the potential adverse effects arising from Brexit, including the potential fragmentation of liquidity and consequential reduction in trading volumes; and
- > the Group is not materially impacted from litigation and regulatory investigations in a negative way.

## Going concern

The Group has sufficient financial resources both in the regions and at the corporate centre to meet the Group's ongoing obligations. The Directors have assessed the outlook of the Group, including consideration of the enlarged Group following the anticipated acquisition of Liquidnet, for at least 12 months from date of approval of the financial statements by considering medium-term projections as well as stress tests and mitigation plans. These forecasts and stress tests take into account both the ongoing COVID-19 pandemic and Brexit. Additionally, the Directors have considered the ongoing strategy for the Company following the announcement that the Scheme became effective on 26 February 2021 when the Company ceased being the parent company of the Group. Based on this assessment<sup>1</sup> 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.

<sup>1</sup> Please refer to the Legal Statement on the contents page.

# 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 recently completed a range of actions to develop and implement its 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 management 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 operation of the ERMF across the Group and comprises the following committees:

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

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## 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.

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## 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.

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## Third line of defence

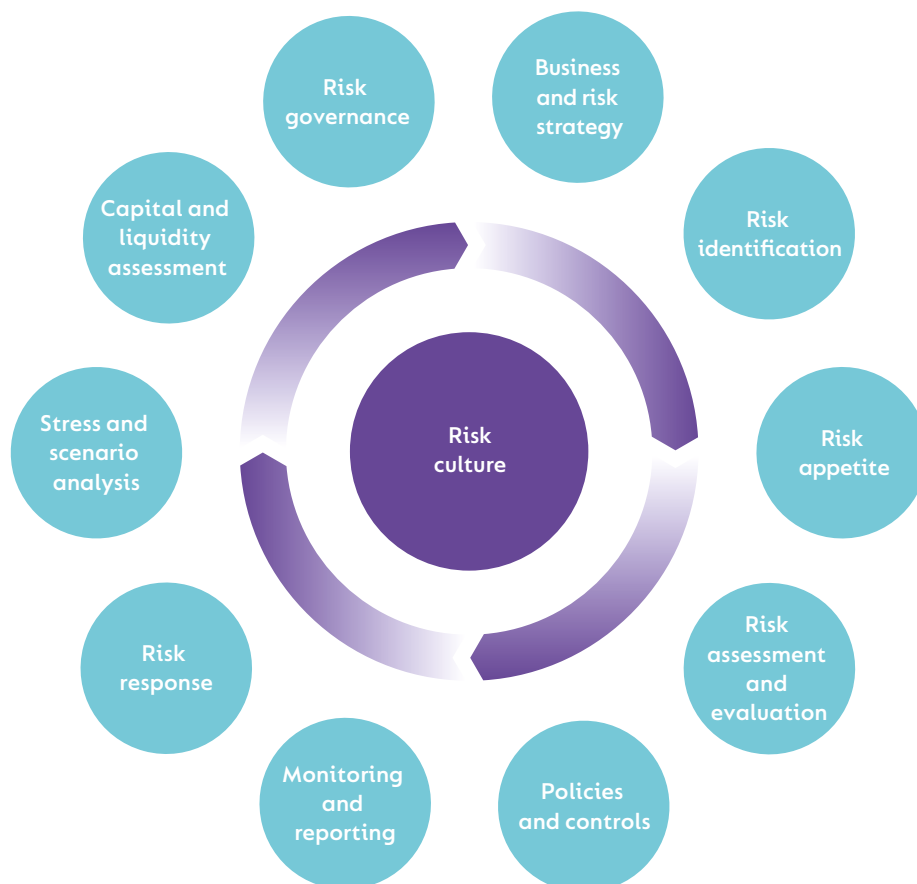
### Independent assurance

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 defined 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 comply with applicable legal and regulatory frameworks, and maintain good standing with regulators, across all jurisdictions in which the Group operates.  |
| 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

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, and reputation.

This assessment has been informed by 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.

The Group formally reviews its risk profile on a bi-annual basis in light of its current business profile and potential changes arising from its business strategy and records these risks within the Group's Risk Register.

The Group then formally assesses the risk profile of these risks through the Group's Risk Self-Assessment ('RSA') process against the target residual risk profile defined in the Group's risk appetite framework, by reference to both probability and severity.

| Risk   | Description  | Potential impact   | Change in risk exposure since 2019 |
|--|--|--|------------------------------------|
| <b>1. Strategic and Business Risk</b>              |  |  |                                    |
| <b>Adverse change to regulatory framework</b>      | 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.   | <ul style="list-style-type: none"> <li>&gt; Reduction in broking activity</li> <li>&gt; Reduced earnings and profitability</li> <li>&gt; Increases in regulatory capital requirements</li> </ul> | No change                          |
| <b>Deterioration in the commercial environment</b> | The risk that due to adverse macro-economic conditions or geopolitical developments, market activity is suppressed leading to reduced trading volumes.   | <ul style="list-style-type: none"> <li>&gt; Reduction in broking activity</li> <li>&gt; Pressure on brokerage rates</li> <li>&gt; Reduced earnings and profitability</li> </ul>                  | Increased                          |
| <b>Failure to respond to client requirements</b>   | 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.  | <ul style="list-style-type: none"> <li>&gt; Loss of market share</li> <li>&gt; Reduced earnings and profitability</li> </ul>   | No change                          |
| <b>Impact of Brexit</b>                            | <p>The risk that Brexit leads to a deterioration in the commercial environment and consequential reduction in trading volumes.</p> <p>The risk that the operating model implemented by the Group to comply with the loss of EU passporting rights results in a fragmentation of liquidity between UK and EU liquidity pools.</p>   | <ul style="list-style-type: none"> <li>&gt; Reduction in broking activity</li> <li>&gt; Loss of market share</li> <li>&gt; Reduced earnings and profitability</li> </ul>                         | Increased                          |
| <b>Impact of Covid-19</b>                          | <p>The risk that the Group experiences a significant deterioration in business performance due to the impact of Covid-19 on the broader global economy.</p> <p>The Group is also aware of the potentially elevated operational risk arising from remote working arrangements, including: (a) Enhanced risk of operational failure, which may be exacerbated by heightened levels of market volatility; and (b) Increased conduct risk arising from remote supervision.</p> | <ul style="list-style-type: none"> <li>&gt; Reduction in broking activity</li> <li>&gt; Loss of market share</li> <li>&gt; Reduced earnings and profitability</li> </ul>                         | Increased                          |

The Group also undertakes stress testing and scenario analyses to enhance its understanding of its risk profile. This includes the conducting of reverse stress tests to identify those risks which could render the Group's business model unviable in an extreme scenario.

In addition to the formal reviews noted above, the Group assesses its risk profile on an ongoing basis and will update its Risk Register and risk ratings outside of the formal assessment cycle, where required to reflect any material changes. This includes any changes to risk profile identified through the Group's ongoing risk monitoring and reporting processes, as well as any new risks identified through the Group's change management framework.

The Group formally reviews its emerging risk profile as part of the risk identification and assessment process. An emerging risk, for these purposes, is defined as any new type of risk that may pose a material threat to the Group in the future and which the Group should monitor so that it is in a position to actively manage the risk if, and when, it becomes a more immediate threat to the Group.

Emerging risks are recorded in the Group's Emerging Risk Register, along with an assessment of its potential impact and an estimate of the timeframe within which it is likely to materialise

| Mitigation   | Key risk indicator  | Related principal strategic objectives  |
|--|---|---|
| <ul style="list-style-type: none"> <li>&gt; Monitoring of regulatory developments</li> <li>&gt; Involvement in consultation and rule</li> <li>&gt; Setting processes</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Status of regulatory change initiatives</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Electronification</li> <li>&gt; Liquidity aggregation</li> <li>&gt; Diversification</li> <li>&gt; People, conduct and compliance</li> </ul> |
| <ul style="list-style-type: none"> <li>&gt; Defined business strategy that seeks to maintain client, geographical and product diversification</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Operating profit</li> <li>&gt; Revenues by region</li> <li>&gt; Trade volumes</li> <li>&gt; Revenue forecast</li> <li>&gt; Stress testing scenario outcomes</li> </ul>    | <ul style="list-style-type: none"> <li>&gt; Electronification</li> <li>&gt; Liquidity aggregation</li> <li>&gt; Diversification</li> </ul>  |
| <ul style="list-style-type: none"> <li>&gt; Proactive engagement with clients through customer relationship management process</li> <li>&gt; Clearly defined business development strategy which continues to enhance the Group's service offering</li> </ul>                              | <ul style="list-style-type: none"> <li>&gt; Operating profit</li> <li>&gt; Trade volumes</li> <li>&gt; Revenues by region</li> <li>&gt; New business initiatives</li> <li>&gt; Client satisfaction surveys</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Electronification</li> <li>&gt; Liquidity aggregation</li> <li>&gt; Diversification</li> </ul>  |
| <ul style="list-style-type: none"> <li>&gt; Incorporation of new EU subsidiary to hold EU-based business</li> <li>&gt; Changes to operating model to maintain UK-EU liquidity and regulatory compliance</li> <li>&gt; Proactive engagement with European regulators and clients</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Brexit revenue-at-risk</li> <li>&gt; Brexit plan tracking</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Liquidity aggregation</li> <li>&gt; People, conduct and compliance</li> </ul>   |
| <ul style="list-style-type: none"> <li>&gt; Consideration of potential Covid-19 impact in business planning and strategy process</li> <li>&gt; Adoption of remote working protocols</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Revenues by region</li> <li>&gt; Trade volumes</li> <li>&gt; Risk events</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; People, conduct and compliance</li> </ul>   |

## Principal risks and uncertainties

continued

| Risk   | Description  | Potential impact  | Change in risk exposure since 2019 |
|--|--|---|------------------------------------|
| <b>1. Strategic and Business Risk</b> continued    |  |   |                                    |
| <b>Acquisition of Liquidnet</b>                    | The Group is exposed to execution risk in relation to the Liquidnet transaction. This includes the risk that it fails to successfully integrate the acquired business into the wider TP ICAP group or that it fails to achieve the financial targets associated with the transaction.  | <ul style="list-style-type: none"> <li>&gt; Failure to achieve future financial targets</li> <li>&gt; Damage to reputation</li> </ul>   | New risk                           |
| <b>2. Operational Risk</b>                         |  |   |                                    |
| <b>Operational failure</b>                         | <p>The Group is exposed to operational risk in nearly every facet of its role as an interdealer broker, including from its dependence on:</p> <ul style="list-style-type: none"> <li>&gt; the accurate execution of a large number of processes, including those required to execute, clear and settle trades; and</li> <li>&gt; a complex IT infrastructure.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Financial loss which could, in extreme cases, impact the Group's solvency and liquidity</li> <li>&gt; Damage to the Group's reputation as a reliable market intermediary</li> </ul> | No change                          |
| <b>Cyber-security and data protection</b>          | 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.   | <ul style="list-style-type: none"> <li>&gt; Loss of revenue</li> <li>&gt; Remediation costs</li> <li>&gt; Damage to reputation</li> <li>&gt; Regulatory sanctions</li> <li>&gt; Payment of damages/compensation</li> </ul>      | No change                          |
| <b>Unlicensed use of proprietary data</b>          | The risk that the Group fails to protect unauthorised dissemination of Group's proprietary data leading to loss of potential revenue streams.  | <ul style="list-style-type: none"> <li>&gt; Failure to achieve future revenue growth targets due to non-contractual use of our market information</li> <li>&gt; Damage to reputation</li> </ul>                                 | No change                          |
| <b>Breach of legal and regulatory requirements</b> | <p>The Group operates in a highly regulated environment and is subject to the laws and regulatory frameworks of numerous jurisdictions.</p> <p>Failure to comply with applicable legal and regulatory requirements could result in enforcement action being taken.</p>   | <ul style="list-style-type: none"> <li>&gt; Regulatory and legal enforcement action including censure, fines or loss of operating licence</li> <li>&gt; Severe damage to reputation</li> </ul>                                  | No change                          |
| <b>3. Financial Risk</b>                           |  |   |                                    |
| <b>Counterparty credit risk</b>                    | The Group is exposed to counterparty credit risk arising from outstanding brokerage receivables, unsettled trades and cash deposits.   | <ul style="list-style-type: none"> <li>&gt; Financial loss which could, in extreme cases, impact the Group's solvency and liquidity</li> </ul>  | No change                          |
| <b>FX exposure</b>                                 | 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.  | <ul style="list-style-type: none"> <li>&gt; Financial loss which could, in extreme cases, impact the Group's solvency and liquidity</li> </ul>  | No change                          |
| <b>Liquidity risk</b>                              | 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.   | <ul style="list-style-type: none"> <li>&gt; Reduction in the Group's liquidity resources which could, in extreme cases, impact the Group's liquidity</li> </ul>   | No change                          |

| Mitigation  | Key risk indicator  | Related principal strategic objectives   |
|---|---|--|
| <ul style="list-style-type: none"> <li>&gt; Integration managed through a formal programme management structure, overseen by a sub-committee of the TP ICAP plc board.</li> <li>&gt; Action taken to secure key personnel</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Performance against programme milestones</li> <li>&gt; Performance against financial targets</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Electronification</li> <li>&gt; Liquidity aggregation</li> <li>&gt; Diversification</li> </ul> |
| <ul style="list-style-type: none"> <li>&gt; Appropriate framework of systems and controls to minimise the risk of operational failure</li> <li>&gt; Incident and crisis management process</li> <li>&gt; Business continuity plans and capability</li> <li>&gt; Reverse stress test process to identify key risks that could undermine the Group's viability</li> </ul>                           | <ul style="list-style-type: none"> <li>&gt; Risk events</li> <li>&gt; Execution failure</li> <li>&gt; Settlement fails</li> <li>&gt; Margin calls</li> <li>&gt; System outages</li> </ul>                     | <ul style="list-style-type: none"> <li>&gt; Electronification</li> <li>&gt; People, conduct and compliance</li> </ul>                      |
| <ul style="list-style-type: none"> <li>&gt; Ongoing monitoring and assessment of the cyber-threat landscape</li> <li>&gt; Appropriate framework of systems and controls to prevent, identify and contain cyber threats</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Cyber-security events/losses</li> <li>&gt; Vulnerability monitoring</li> <li>&gt; Data loss events</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Electronification</li> </ul>   |
| <ul style="list-style-type: none"> <li>&gt; Ongoing audit of licences</li> <li>&gt; Appropriate legal remedies incorporated within licence agreements</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Completion of data audit plan</li> <li>&gt; Data audit findings</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Diversification</li> </ul>   |
| <ul style="list-style-type: none"> <li>&gt; Compliance function to oversee compliance with regulatory obligations</li> <li>&gt; Compliance monitoring and surveillance activity</li> <li>&gt; Compliance training programme to ensure that staff are aware of regulatory requirements</li> <li>&gt; Maintenance of compliance culture which fosters high standards of employee conduct</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Internal Compliance policy breaches</li> <li>&gt; Regulatory breaches</li> <li>&gt; Employee conduct metrics</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; People, conduct and compliance</li> </ul>  |
| <ul style="list-style-type: none"> <li>&gt; Counterparty exposures managed against thresholds calibrated to reflect counterparty creditworthiness</li> <li>&gt; Exposure monitoring and reporting by independent credit risk function</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Portfolio exposure</li> <li>&gt; Client exposure</li> <li>&gt; Aged debt</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Diversification</li> </ul>   |
| <ul style="list-style-type: none"> <li>&gt; Ongoing monitoring of Group's FX positions</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; FX translation exposure</li> <li>&gt; FX transaction exposure</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Diversification</li> </ul>   |
| <ul style="list-style-type: none"> <li>&gt; Margin call and trade funding profile monitored against defined limits</li> <li>&gt; Group maintains liquidity resources in each operating centre to provide immediate access to funds</li> <li>&gt; Committed £270m and JPY 10bn (c.£71m) revolving credit facilities ("RCF")</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Margin call profile</li> <li>&gt; Settlement fail – funding requirements</li> <li>&gt; Unplanned intra-Group funding calls</li> <li>&gt; RCF draw-down</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Diversification</li> </ul>   |

# Environmental, Social and Governance

As an international financial services firm, we are aware of the impacts of climate change and social inequality, and the potential risks they pose to our business and stakeholders. We take seriously our responsibility to managing these risks, not only because it is the right thing to do but also because it protects the sustainability of our business.

## Our journey

Increasingly, clients, investors, ratings agencies, regulators, NGOs and other core stakeholders including current and prospective employees incorporate Environmental, Social and Governance (ESG) performance into their decision-making process. Consequently, TP ICAP believes that performing well in ESG represents a licence to do business and is a critical factor in achieving sustainable growth.

TP ICAP has long recognised the importance of being a responsible business; for example, ICAP Charity Day dates back to 1993, since when it has raised more than £150 million for charities globally. However, given the rapid development and increasing scope of the ESG agenda, in 2019 we saw that we needed to strengthen our sustainability credentials and communicate how we were doing so more effectively.

As a first step, we committed to create a new framework to improve how we measure, manage and report on the ESG issues that are most relevant to our Group. In 2020, we delivered against that commitment, having undertaken a comprehensive materiality assessment leading us to establishing an ESG Reporting Framework comprising 15 data disclosure areas. Each disclosure has an associated set of metrics according to internationally recognised standards.

To ensure ownership and accountability, individual disclosure areas have been assigned to a relevant senior manager, and governance has been strengthened up to and including Board level. Having identified these 15 ESG disclosure areas, we have also begun to report against them this year.

While important, we recognise that robust reporting is but one step forward in our ESG journey. We have more to do, the next step is to develop an overarching ESG strategy that is aligned to our purpose. We commit to completing this strategy by the end of 2021, with execution to commence in 2022.

## Preparing for TCFD

We welcome the UK Government's intention to implement mandatory reporting aligned to the recommendations of the Taskforce for Climate-Related Disclosures (TCFD). In 2021, we will update our risk management process to strengthen our consideration of the potential business implications and impacts of climate change. In addition, we will create a roadmap to align with the four strategic areas and 11 recommendations of the TCFD. Alignment to TCFD will be an ongoing process that will evolve over time and we will begin to report progress in our 2021 Annual Report.

## Establishing our ESG reporting framework

To identify the ESG data disclosure areas most relevant to TP ICAP, we undertook a materiality assessment. The assessment was informed by internationally recognised reporting frameworks including the Sustainability Accounting Standards Board (SASB); the Global Reporting Initiative (GRI); Carbon Disclosure Project (CDP), and the Principles for Responsible Investing (PRI).

Adding further rigour, we also analysed information requests from clients, prospects and rating agencies, sought input from our corporate brokers, and sourced industry best practice.

The outcome of this process was 15 ESG data disclosure areas, each with associated metrics and international standards, and accountable executive ownership. These disclosure areas form the core of how we now report our performance, see our website for information.

## TP ICAP Group ESG Reporting Framework

The 15 data disclosure areas on which we report are categorised into three sections: Environmental, Social and Governance and are shown below. For more detail on the disclosure areas, please see our website.

By focusing on these areas we can ensure we are investing resource in the areas that matter most which will help us to deliver positive impact across our operations and our communities.

|                      |  |
|----------------------|--|
| <b>Environmental</b> | <ul style="list-style-type: none"> <li>&gt; Carbon emissions</li> <li>&gt; Energy use</li> </ul>   |
| <b>Social</b>        | <ul style="list-style-type: none"> <li>&gt; Employee Diversity &amp; Inclusion</li> <li>&gt; Charitable donations</li> <li>&gt; Staff turnover rates</li> <li>&gt; Share of temporary staff</li> <li>&gt; Employee training hours</li> </ul>   |
| <b>Governance</b>    | <ul style="list-style-type: none"> <li>&gt; Incorporation of ESG factors in brokerage activities</li> <li>&gt; Business Ethics – Professional integrity</li> <li>&gt; Systemic risk management</li> <li>&gt; Promoting transparent and efficient capital markets</li> <li>&gt; Managing conflicts of interest</li> <li>&gt; Managing business continuity and technology risks</li> <li>&gt; Political contributions</li> <li>&gt; ESG fines</li> </ul> |

### Enhanced ESG governance

Having established our core ESG Reporting Framework, we also strengthened our governance of managing ESG performance so that it sits at the highest level of the business. Specifically, a new ESG subcommittee has been established reporting into the Group Risk, Culture and Conduct Committee ('GRCCC'). The ESG subcommittee serves to:

- > ensure that the Group reports in line with the ESG Framework;
- > determine ESG strategy;
- > manage execution of strategy;
- > develop and implement ESG communication strategy.

The ESG subcommittee provides quarterly updates on progress to the GRCCC. In addition, ESG has been established as a standing agenda item at our plc Board meetings. Our Group Chief Executive Officer is the Board member responsible for ESG across the Group.

We have also welcomed Tracy Clarke, who was only recently appointed to the Board, as ESG Engagement Director. Tracy, a Non-executive Director, will work closely with the Company's senior management to ensure, amongst other things, that the Board fulfils its role in oversight of ESG strategy and performance and continues to have the right conversations from an ESG perspective.

## ESG in action: Reporting and commentary

### Environmental

TP ICAP recognises its responsibility to help protect the environment and address the global climate crisis. We seek to meet this responsibility in two ways: minimise the negative environmental impact of our operations and support our clients in their transition to a net zero economy. Commentary on how we support our clients can be found in the Governance section.

#### Reducing our carbon footprint

Our reporting is aligned with the Streamlined Energy and Carbon Reporting regulations. We have outlined our greenhouse gas emissions data, total global energy use and energy efficiency action being taken by the Company, plus the methodology used to calculate these disclosure requirements. Our full carbon emissions data can be found in the Director's report on page 111.

In 2020, our total emissions (including Scope 3) reduced by 10%, which results in a reduction of emissions per employee to 2.0tCO<sub>2</sub>e compared to 2019's figure of 2.3tCO<sub>2</sub>e per employee. The reduction in emissions is largely due to a significant reduction in business travel as a result of the global COVID-19 pandemic. Overall, Scope 1 and 2 emissions have increased by 23%, which is largely due to the addition of some sites and also improved quality of data in 2020. Compared to the previous year, TP ICAP has been able to greatly improve the data relating to the London Broadgate site and Belfast City Quays site.

In 2019, we started reporting some of our Scope 3 emissions (business travel only) to further demonstrate our commitment to improving reporting methodology and scope, which in turn allows greater visibility into our overall emissions. In 2020, we included additional Scope 3 data for hotel stays.

Our Board has responsibility for Environmental issues which are included in the Matters Reserved for the Board.

Much of our carbon footprint comes from the energy consumption of our leased offices. Consequently, this is where we focus our efforts to reduce our impact. Due to the COVID-19 pandemic we were unable to make significant improvements to energy efficiency within the Financial Year. However, we have made efforts to remove redundant technology equipment within our data suites to help reduce our overall energy consumption.

#### A building for a brighter future

In early 2021, we will consolidate our current London City offices into a single location at 135 Bishopsgate, reducing our occupational footprint in the City of London by 12%.

The BREEAM-certified building has been extensively remodelled and refurbished to reduce carbon emissions including the addition of extensive cycling facilities to encourage cycling to work; PIR lights that use passive infrared sensors to detect presence, movement and absence; and metering for electric and water usage, with an overall Building Management System to optimise control. Additional eco-friendly measures include water efficient fittings; crockery in kitchens; zero single-use plastics; and improved recycling facilities on all floors.

### Social

We have made significant progress to further our contribution to a more sustainable society by focusing on three core areas in 2020:

- > Embed existing and launch new diversity and inclusion ("D&I") initiatives to augment our approach to investing in our people and processes;
- > Promote economic participation through our social mobility strategy;
- > Continue our charitable donation efforts during a year of unprecedented upheaval and hardship for so many.

#### Diversity & Inclusion in action

In 2020, D&I issues rose further in prominence on the social and political agenda. At TP ICAP, we continue our commitment to building an inclusive place to work, where everyone – regardless of their educational background, ethnicity, gender, ability, age or sexual orientation – has an equal opportunity to succeed within our Company.

The focal point of our efforts to enhance gender, ethnic and socio-economic diversity and inclusion across the business is *Connect* our global diversity and inclusion forum. Of our people, by our people, for our people, *Connect* seeks to promote the issues and actions necessary to champion a strong, vibrant, meritocratic culture. Since its launch we have evolved *Connect* to be the overarching steering and advisory panel to drive a strong diverse and inclusive culture.

In 2020, we enhanced *Connect*'s influence by undertaking a D&I survey of all employees globally. As a direct result, we have established a new structure to respond to the issues raised through *Connect* whereby Regional CEOs and their locally appointed D&I Champions work together to take the learnings from the survey to inform local D&I strategy, thereby ensuring it is tailored to meet each region's specific needs.

For example, as part of our D&I survey response action plans, we delivered a successful programme of Inclusive Leadership Workshops for all UK leaders and managers. These thought-provoking and practical sessions were designed to support and enhance the way our leaders and teams work together to add value to the business.

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As the world mobilises to tackle climate change, TP ICAP continues to adapt our brokerage activities to support our clients with their transition to a net zero economy.



Furthermore, we revised our Global D&I policy to create a consistent and unified approach to managing issues across the Group which we will communicate in March 2021. 2020 also saw the Group's Performance Objectives process require all managers to meet a D&I objective that is linked to their performance review and, consequently, reward.

We continue to report our gender diversity results as part of the HM Treasury Women in Finance Charter. As at September 2020, women made up over 31% of our senior leadership team. This signals that we achieved our target of 25% by 2025, ahead of our target figure and timeline. We have shown improvement in gender diversity since our first Women in Finance submission in September 2018, when we reported 16% of senior women represented in the business. The targets we set then were: 20% of women represented at Group Executive Committee and direct reports by year 2022, and 25% by 2025.

Our progress is a result of senior hires, effective succession planning, and a restructure of our overall governance model. We will continue to improve our performance through measures including strengthening family-friendly policies; ensuring female representation on every short list when hiring; promoting our women's networks; and rolling out unconscious bias training.

We also submitted an update to the Hampton-Alexander Review, disclosing the number of men (16) and women (5) on our Executive Team and separately our numbers of men (110) and women (19) who are direct reports to the Executive Team (excluding admin and support). While we are proud of the work we have done so far to improve diversity, we know that there is still a lot more progress to be made. Like many financial services businesses, we know that gender diversity remains an issue and we will continue to work to improve the balance and to promote opportunities for all.

### Gender pay

In line with government guidelines, TP ICAP did not release a Gender Pay Gap report in 2020. However, we will report our figures in May 2021, despite the new extension from the Government Equalities Office until October 2021. For more information see our website.

Other D&I initiatives implemented in 2020 include updating our online assessments to ensure they are fair and accessible for disabled people, and undertaking a wholesale review of the wording of all job adverts and descriptions to ensure there are no biases and that our language is as inclusive as possible. We are also placing adverts in new publications to reach a wider audience.

As a signatory to the Armed Forces Covenant, we were proud to receive an upgrade to Silver Award for our commitment as an armed forces-friendly employer. We thank serving personnel and our reservists, veterans and military families for their valuable contribution to our country and to our business.

### Supporting and developing our people

In 2020, we introduced a Global Mentoring Programme open to all employees across all locations. To date, more than 70 people have signed up to be mentors, and 90 as mentees. The programme will form part of employee development both for mentors and mentees, enabling a forum for individuals to discuss issues important to them as they develop through the business.

Turning to employee well-being, we rolled out a variety of sessions globally including 'Managing Stress and Resilience', 'Good Nutrition', 'Good Sleep' and 'Mental Health Awareness for Line Managers'. We also continued to work in partnership with our medical insurance provider to provide a comprehensive insurance for staff. In addition to our medical insurance scheme, we provided support services for all employees whether they are members of the medical insurance or not. Services such as a Well-being App, Digital GP Services (employee family members can take advantage of this service too), as well as Mental Health support, Line Management training, and support using the Mental Health Plus Pathway.

### Human rights and modern slavery

We continue to support the UN Guiding Principles for Human Rights and recognise human trafficking and forced labour exists in both developed and developing economies and across sectors. Therefore, we are committed to taking steps to combat the risk of any form of modern slavery from occurring in our business or supply chain.

Despite the COVID-19 pandemic, TP ICAP has remained vigilant in continuing our activity to identify and address risks of modern slavery in our operations and supply chains. However, the impact of the pandemic caused increased pressures on our procurement team as it strived to ensure continuity of our supply chains to keep the business functioning smoothly during this pressing time. Therefore, aligned with government guidelines, TP ICAP delayed the publication of its modern slavery report by six months. The 2020 statement can be found on our website.

During 2020, we have revamped our Procurement governance controls, strengthening the initial assessment and ongoing monitoring across all areas of supply chain risk, including modern slavery. These updates include:

- > Introduction of a tiering process to identify high-risk suppliers or supply chains, including modern slavery risks;
- > Enhanced governance surrounding modern slavery checks and controls during supplier onboarding based on the risk tiering;
- > Inclusion of a check for suitable contractual provisions covering modern slavery, where appropriate, during contract approval governance;
- > Ongoing monitoring, using an intelligent risk monitoring application, to confirm there has been no law enforcement actions taken against a supplier in relation to known instances of modern slavery.

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

### **Championing social mobility**

We introduced our strategy to champion social mobility in 2018. Our focus throughout has been to support initiatives that boost social mobility through education and skills. Our work in this area is more important than ever given the impact of COVID-19.

We are committed to supporting creative initiatives that inspire new generations and give them the confidence to succeed. In 2020, our face-to-face volunteering efforts have been curtailed due to COVID-19 social distancing restrictions; however, we have still been able to make an impact:

- > We once again took part in the Lord Mayor's Appeal She Can Be, a programme to inspire more young women to consider a career in the City.
- > We also participated in the Lord Mayor's Appeal City Giving Day, highlighting our support for local communities within the City of London. This year, employees cycled in the virtual Tour De City to raise awareness of the great causes that we support through our charitable giving.
- > In response to at-home learning, TP ICAP employees volunteered to help teachers manage classroom video calls; helped teachers deliver instructions to non-English speaking parents; and assisted as an online editor in New York, supporting Reach the World.
- > Stem 101 is a programme which helps public schools in the US that are struggling. Our colleagues recorded 'selfie subject matter lessons' delivered online. Topics ranged from a simple lesson on how to manage money (in English and Spanish) to lessons on spreadsheets and presentations. Students completed the project ranging from two to five hours and, after completion, each student received a certificate to print and email to their teacher.

### **Everybody Counts numeracy campaign**

We are committed to helping more people be more comfortable with numbers. Now in its third year, our numeracy campaign, Everybody Counts, continues to make progress towards realising our ambition to engage one million people across our key markets to improve their basic numeracy skills.

In the UK we continue our partnership with the charity National Numeracy to achieve our ambition of empowering 250,000 people to improve their confidence with numbers by the end of 2021. As of the end of 2020, our partnership with National Numeracy has already engaged a rolling total of 205,065 people.

- > 205,065 people engaged across the UK and on track to meet our goal in 2021.
- > We marked National Numeracy day on 13 May 2020 by launching research into young women's confidence with numbers and the impact this has on their ambition to enter the financial services sector.
- > In November 2020, TP ICAP was proud to be the Founding Partner, alongside the charity National Numeracy, in delivering the UK's first ever Number Confidence Week to support our strategic objective to engage people to improve their numeracy skills and build confidence with numbers. See results in the case study.

# Number Confidence Week

2 - 6 November 2020

## Case study:

### Building confidence in numbers

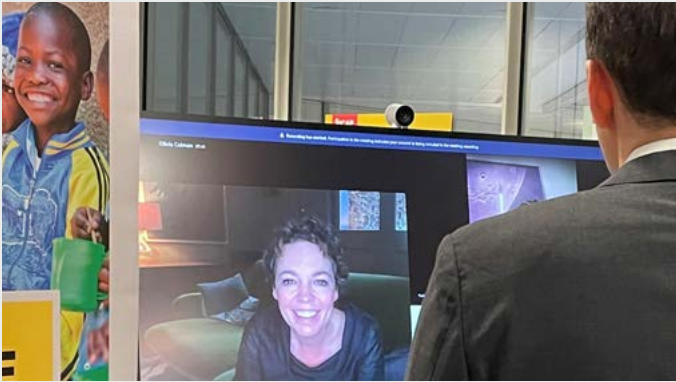
At TP ICAP we're numbers people and we know that numeracy is crucial for the success of our industry. According to our recent research, some 78% of young British women, aged 18-21, said they would not consider a career in financial services, with 43% citing a lack of confidence using numbers as a reason.

We're committed to transforming the talent pipeline for our Company and the financial services sector as a whole, to ensure equal access to careers and progression. That's why, in November 2020, we were the Founding Partner of the UK's first Number Confidence Week, held with our charity partner, National Numeracy.

Number Confidence Week content was tailored specifically for those who have low number confidence, inspiring and encouraging them to act and start to feel better about understanding and working with numbers.

#### What we achieved:

- > Over 22,000 people took action during the week towards building their confidence with numbers. Our pre-event target had been 10,000 people;
- > Over 50 young women watched and participated in our virtual expert panel event where they heard from women in financial services and financial journalism on how they improved their own number confidence;
- > TP ICAP female role models took part in a social media video series sharing their experiences of number confidence which gained over 143,000 views;
- > We released a report providing insight into why low number confidence affects women's career prospects and recommendations for the financial services sector to demonstrate progress.



**Image top:** Olivia Colman participated in our virtual ICAP Charity Day 2020 in London, as ambassador of Refuge, supporting women and children experiencing domestic violence.

**Image middle:** A donation from ICAP Charity Day in the UK funded a Palliative and Life Limited Service Nurse, for Northern Ireland Children's Hospice.

**Image bottom:** A donation from ICAP Charity Day in the UK went to NHS Charities Together and their programmes supporting the mental health and well-being of NHS staff.

### Charitable giving

The health and economic crisis caused by COVID-19 has impacted everyone across the globe. At TP ICAP, we are committed to responding by helping charities to help the most vulnerable in society. Throughout the pandemic we have enabled our employees to support charitable causes through virtual volunteering and maintained donations to our chosen charities through our matched-funding programme. We directed our entire 2020 Disaster Relief Fund to pandemic response charitable activities.

Our Charitable Giving policy enables our employees to assist charitable causes close to their hearts, either through matched funding or volunteering hours. Additionally, ICAP Charity Day raises money for charities across the globe with 100% of the revenues and commissions generated by ICAP set to be donated to a variety of worthy causes. This year, in terms of charity selection, we prioritised charities aligned with our strategic theme of social mobility, as well as those who aid the recovery process as economies struggle to recover from the long-term and social effects of the pandemic, such as mental ill-health, homelessness, addiction and loneliness among the elderly.

To align with government social distancing measures, we hosted a virtual ICAP Charity Day 2020 on 10 December, and enjoyed excellent support from our clients, colleagues, the charities themselves and their patrons and celebrity ambassadors, via social and digital media, right around the world. Together, in 2020, we proudly raised £3.6m, bringing the total funds raised since ICAP Charity first began in 1993, to over £150m and supporting some 2,600 amazing charitable causes globally.

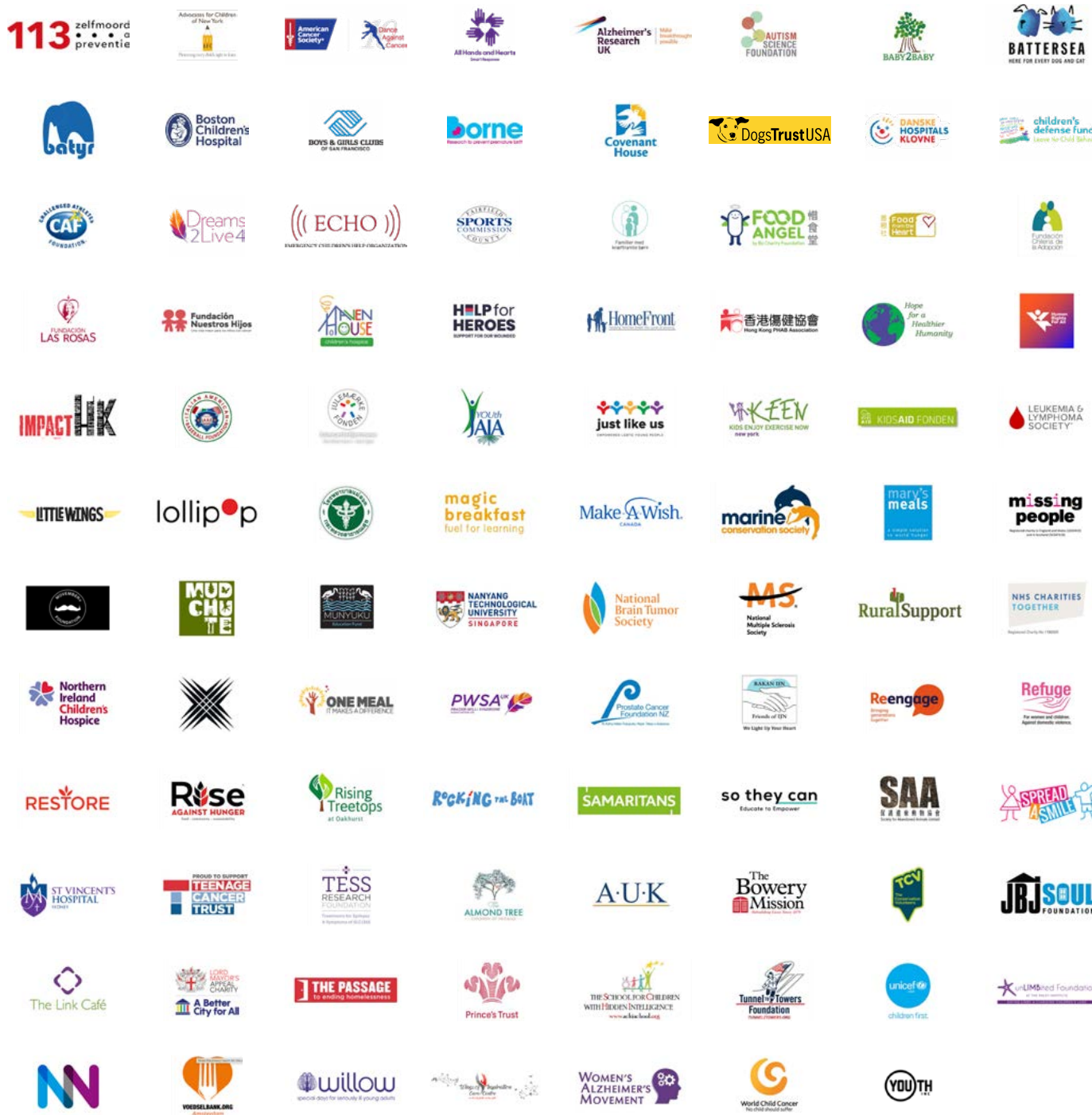
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Throughout the pandemic we have enabled our employees to support charitable causes through virtual volunteering and maintained donations to our chosen charities.



Read more on Charitable Giving  
[tpicap.com](https://tpicap.com)

Some of the charities we support around the world



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## Governance

### Incorporating ESG factors in Brokerage activities

As the world mobilises to tackle climate change, TP ICAP continues to adapt our brokerage activities to support our clients with their transition to a net zero economy.

At the forefront of this effort is our Energy & Commodities division, where c.40% of revenues now come from positive, neutral or transitional products, including renewable power sources and alternative fuels such as biodiesel, carbon credits, and weather, demonstrating that ESG factors are already well embedded in our activities.

Remaining relevant to our clients as the transition gathers pace and industry moves away from high carbon fuels to lower carbon fuels such as gas will be of increasing importance over the next five years. Liquefied Natural Gas ('LNG') in particular is set to play a pivotal role with investment in recent years in LNG infrastructure transforming the gas markets globally from being essentially domestically traded markets to be internationally traded, not unlike oil. With our global footprint, we are well positioned to support clients through this change.

Additionally, in September 2020 the Tullett Prebon Energy & Commodities Biofuels Desk became the first broker to transact a Used Cooking Oil Methyl Ester ('UCOME') paper contract between two counterparties. The strong potential of UCOME as a tradeable asset has gained momentum over the past few years to meet the demand for waste-based products as a source of clean energy. With the EU Renewable Energy Directive encouraging the use of advanced biofuels and waste-based biodiesel, and clear CO<sub>2</sub> savings from using this type of fuel, manufacturers and traders are given incentive to use this waste-derived fuel.

This landmark trade positions Tullett Prebon Biofuels Desk as a leader in a highly promising marketplace of waste-based products. We will continue to support clients with precise market data, analytics and price discovery that ultimately enables them to manage their biodiesel price risk and exposure along the forward curve for both physical and derivative products.

Reflecting TP ICAP's brokerage performance, ICAP was voted for and ranked number one in the Environmental Finance 2020 Market Rankings in the following categories:

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## Best broker

Weather risk management – North America

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## Best broker

Weather risk management – Europe

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## Best broker

Catastrophe risk management – Global broker

### 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 be 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;
- > 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; and
- > 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 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. 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 2020 of £525m (2019: £507m), 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 2020, by 31 December 2021. This information will be available by this date either in the statutory accounts of the relevant companies or on TP ICAP's website [www.tpicap.com](http://www.tpicap.com).

### Building a strong conduct culture

TP ICAP is committed to building a strong conduct culture. Initiatives implemented in 2020 include:

- > **New joiner induction:** Roll out of a new half day induction session that includes Culture and Conduct as part of the programme. Presented by the Regional CEO, Heads of Support Functions and SMDs from the Business Divisions, the induction covers a range of topics including: TP ICAP firm overview, Values & Conduct, Our Cultural Framework, TP ICAP management, global footprint, liquidity, global business lines, diverse trading technology and the 2020 Strategy.
- > **Broker Performance & Conduct Bonus Process:** The process has been enhanced to align the questions to our Honesty Integrity Respect Excellence values and ensure documented evidence of performance and conduct has taken place. All brokers are formally assessed in relation to performance and conduct prior to any bonus payment being made.
- > **Conduct Review Forum:** Established a Conduct Review Forum to:
  - > Approve recommendations as to whether a misconduct matter amounts to breach of the FCA Conduct Rules;
  - > In the context of disciplinary proceedings, approve recommendations as to whether a person remains fit and proper to continue in specific SMF or Certified Function;
  - > Act as an escalation point for qualified regulatory reference received by the relevant TP ICAP SMCR Entity;
  - > Make recommendations as to whether recruitment should proceed;
  - > Make decisions for a compensation adjustment based on the outcome of any disciplinary sanctions;
  - > Provide MI to the Regional Risk, Culture and Conduct Committee.

### Managing business continuity and technology risks

TP ICAP's Business Continuity Management ('BCM') practices are governed globally, with the objective to ensure the safety of staff, minimise the impact of a business disruption, provide effective crisis management, and to allow for the continuation and recovery of critical systems and services. BCM is embedded in TP ICAP's culture and the Group is committed to maintaining processes and plans in order to enable critical functions to continue, following a disruptive event. A formal governance structure exists with documented responsibilities, including regional management and executive oversight via Risk Committees.

TP ICAP's Crisis Management teams are organised on a global and regional level: Gold (Global, Strategic), Silver (Regional, Tactical), and Bronze (Office, Operational). Crisis Management is the initial response to a major disruption, designed to resolve any incident quickly without the need to relocate or reduce critical TP ICAP business operations. TP ICAP has regional Silver Teams with detailed plans to provide an effective and timely response to disruptive events of varying severity and type. TP ICAP has invested in an Emergency Notification System to facilitate timely, effective global alerts to TP ICAP employees during a disruptive event.

All events must be escalated in accordance with the Group's Event Rating and Escalation Scale, as stated in the Group's Enterprise Risk Management Framework.

TP ICAP operates a comprehensive Change Management process for all technology changes including regional and global Change Advisory Boards, which meet weekly and where all changes are reviewed for approval. Any failed changes are tracked with associated problem tickets as part of a failed change problem management process. IT incidents are tracked and managed based upon severity of incident against an application and IT Services tiering scale. A formal problem management process is operated to track actions arising from incidents, with thematic reviews for repeat incidents or common patterns.

Throughout 2020, TP ICAP experienced no IT or Business Continuity incidents that caused significant market disruption or had a material adverse effect on our business. Similarly, no data breaches were experienced during 2020 within the TP ICAP perimeter.

### Systemic risk management

Effective risk management is essential to the financial strength and resilience of the Group and for delivering its business strategy. The Risk Management section on page 44 explains how the Group manages its risk profile through its enterprise risk management framework ('ERMF'). 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.

A robust risk framework will also enable us to play our role in maintaining the integrity and professionalism of the markets where we operate and should also be a competitive differentiator with our clients who are increasingly looking beyond liquidity and pricing to broader ESG considerations when selecting their service providers.

In addition, to help the Group manage and discharge its ESG responsibilities the Group has established an Environmental Social and Governance Sub-Committee, reporting into the Group Risk, Culture and Conduct Committee.

**Promoting transparent and efficient capital markets**

The Group has numerous trade and transaction reporting requirements that it has to meet, which are both regulatory and exchange driven.

The majority of the Group's reporting requirements are completed by integrated, end-to-end reporting systems across a wide range of regulatory regimes, for example MiFID II and TRACE. With having implemented these systems, the Group has effective systems and controls to alert us of any breaches to the timings of the publication of this data to allow us to remediate issues as soon as possible.

The Group recognises that accurate and timely reporting is essential to transparent and efficient markets; to that end the Group has an ongoing programme of work to improve the stability of its reporting systems and infrastructure.

**Managing conflicts of interest**

Confidence in TP ICAP's integrity to act on behalf of its customers is central to the relationship of trust we have with our customers. This means that when providing services, TP ICAP will always act in the customer's best interests, putting customers' interests ahead of its own.

The Group has put in place the necessary policies and procedures to meet its obligations with regards to the identification, prevention and management of conflicts of interest. Set out on our website is a summary of the key information needed by clients and counterparties (together 'customers') to understand the measures TP ICAP is taking to safeguard the interests of its customers.

TP ICAP has robust internal policies and procedures in place which require all staff to identify and escalate any identified conflicts of interest, whether business or personal, in accordance with a formal escalation process. Such internal obligations enable the Group to continually identify new conflicts of interest which arise in its business and to implement those measures required to adequately monitor, manage and control the potential impact of those conflicts on its customers.

It is Company policy to make **no political contributions** and there are no exceptions in 2020. We incurred **no ESG related fines** in 2020.



## 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. Details of how the Board has complied with its Section 172 duty is explained in our Section 172 statement within the governance section on pages 72 to 75 and incorporated by reference into this Strategic Report.

### 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<br>Corporate social responsibility policy  | Environmental, Social and Governance: pages 50 to 60, Directors' report: page 109 |
| Employees  | Global recruitment policy<br>Employee relations policy<br>Equal opportunity policy<br>Joiners transfers and leavers policy<br>Global training and development policy<br>Equality, diversity and discrimination – our commitments                         | Environmental, Social and Governance: pages 50 to 60                              |
| Human rights   | Employee relations policy<br>Equal opportunity policy<br>Data protection and retention policy<br>Global whistleblowing policy<br>Physical security policy<br>Human rights and freedom of association – our commitments<br>Modern slavery statement       | Environmental, Social and Governance: pages 50 to 60                              |
| Social matters   | Charitable giving policy<br>Corporate social responsibility policy   | Environmental, Social and Governance: pages 50 to 60                              |
| Anti-corruption and anti-bribery                               | Compliance manual<br>Anti-money laundering and counter terrorist financing policy<br>TP ICAP Americas anti-bribery and corruption policy<br>Global whistleblowing policy<br>Whistleblowing – our commitments<br>Bribery and corruption – our commitments | Environmental, Social and Governance: pages 50 to 60                              |
| Description of principal risks and impact of business activity | Enterprise Risk Management Framework<br>Change Management Policy<br>Risk Management Handbook<br>Tax risk and reporting policy<br>Financial risk management policy  | Principal risks and uncertainties: pages 46 to 49                                 |
| Description of the business model                              | Our business model, see pages 6 and 7  | Our business model: pages 6 and 7   |
| Non-financial key performance indicators                       | Key performance indicators, see pages 26 and 27  | Key performance indicators: pages 26 and 27                                       |

This Strategic Report, from page 1 to 61 has been reviewed and was approved by the Board of Directors on 9 March 2021.

**Nicolas Breteau**  
Chief Executive Officer

**Robin Stewart**  
Chief Financial Officer

## Compliance with the UK Corporate Governance Code and section 172

### 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 2020. Following this review, the Board is pleased to confirm that the Company has applied the Code Principles and complied in full with the Provisions for the financial year ended 31 December 2020. The Code can be found on the Financial Reporting Council ('FRC') website, [www.frc.org.uk](http://www.frc.org.uk), and further information on compliance with the Code and how the Principles have been applied by reference to each Provision is set out in the index on the following page.

## Index of Code Disclosures

### 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.

| Provision | Further information  |
|-----------|--|
| 1         | Strategic Report p1 to 61<br>Risks p46 to 49<br>Sustainability p50 to 60<br>Governance p71 |
| 2         | Culture p64<br>Board activities p70 to 71<br>Workforce remuneration p94                    |
| 3         | Shareholder engagement p74   |
| 4         | Significant votes against – non-applicable.  |
| 5         | Stakeholder engagement and section 172 p72 to 75<br>Workforce engagement p73               |
| 6         | Whistleblowing p88   |
| 7         | Managing conflicts of interest p76   |
| 8         | Board meetings p68   |

### Division of responsibilities

The Board, led by the Board Chair 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.

| Provision | Further information   |
|-----------|---|
| 9         | Division of responsibilities p70<br>The Chair biography p66 |
| 10        | Independence of Directors p76                               |
| 11        | Board composition p76 and 77                                |
| 12        | Senior Independent Director p70                             |
| 13        | Non-executive Directors p70                                 |
| 14        | Role of the Board p68<br>Division of responsibilities p70   |
| 15        | Director biographies and external appointments p66 and 67   |
| 16        | Group Company Secretary p70                                 |

### 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.

| Provision | Further information  |
|-----------|--|
| 17        | Nominations & Governance Committee – Membership and Report p81 to 83 |
| 18        | Election and re-election of Directors p83                            |
| 19        | Director biographies p66 and 67                                      |
| 20        | Board member recruitment p81   |
| 21 & 22   | Board evaluation p79 to 80   |
| 23        | Report of the Nominations & Governance Committee p81 to 83           |

### 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.

| Provision | Further information                                       |
|-----------|---|
| 24        | Audit Committee – Composition and Report p84 to 88        |
| 25        | Key responsibilities of the Audit Committee p84           |
| 26        | Audit Committee Report p84 to 88                          |
| 27        | Fair, balanced and understandable assessment p86          |
| 28        | Principal risks and uncertainties p46 to 49               |
| 29        | Risk Committee – risk management and internal control p86 |
| 30        | Going concern p43   |
| 31        | Viability statement p43                                   |

### 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.

| Provision | Further information  |
|-----------|--|
| 32        | Remuneration Committee – composition and report p92 to 108     |
| 33        | Remuneration Policy p95 to 97                                  |
| 34        | Non-executive Director remuneration p106                       |
| 35        | Advice provided to the Remuneration Committee p108             |
| 36        | Shareholding requirements – Remuneration Policy Statement p104 |

### 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 72 to 75.

# Board Chair's introduction to governance

**Richard Berliand**  
Board Chair



## Dear fellow shareholder,

Sound corporate governance provides the foundations of successful and sustainable businesses and is particularly important during times of organisational stress and challenge. In common with other companies around the globe, TP ICAP was confronted by a once in a generation global pandemic, requiring TP ICAP's Board and leadership team to be agile in assessing the challenges presented, and then be fleet in response. I am very grateful to my Board colleagues and, in particular, to the executive leadership team, for the commitment and dedication shown as we quickly reprioritised, adapted to the developing situation and maintained excellent communication channels between all members of the Board allowing critical decisions to be made swiftly while having regard for all our key stakeholders.

## Values and culture

TP ICAP is defined by its core values – honesty, integrity, respect and excellence. They underpin everything that we do and were never more important than in 2020. As we entered COVID-19 related lockdowns in various global locations, we reconfigured and adapted workflows and put in place attestation protocols so that a number of front office broking staff were able to work from home. This could not have been achieved without the confidence in our people to uphold our core values and stand up to the highest levels of scrutiny. The Board was pleased to note that there was no evidence of any significant increase in risk events or issues as a result of these changes.

These values also remain at the heart of our culture and will ensure that TP ICAP stays trusted, relevant, successful and sustainable. We are not complacent and expectations on conduct and behaviour are reinforced at every opportunity, whether through the compulsory all-staff training programme or through regular internal communications from senior management and the Chief Executive Officer. In the Spring of last year, a revised Code of Conduct was launched that further reinforced expectations around conduct and behaviours.

The linkage between employee behaviour and reward was also strengthened, with the introduction of a formal risk-adjusted performance review between Group control heads and the Remuneration Committee chair. In addition, during the year the Company also introduced a new Broker Equity Linked scheme, whereby a percentage of variable broker pay above a certain threshold will be deferred and can be subject to clawback in the event of behavioural or conduct issues coming to light.

## Risk and controls

We made considerable progress during the year on embedding the Group's Enterprise Risk Management Framework. The Board was pleased to hear considerable evidence, supported by third-party review, that colleagues throughout the organisation had embraced the Framework, and were using it every day to collect and report risk events, issues and losses. This is already providing an invaluable risk data set for the Group. The Framework will continue to develop as the Group evolves, especially with the Jersey redomiciliation and Liquidnet acquisition.

I am pleased that during the year we were able to strengthen the governance oversight of the UK based regulated entities, with three independent Non-executive Directors appointed to the Boards of those entities, including an independent Chair. Formal Risk and Remuneration Committees have also been created, and we have ensured a linkage with the Main Board Committees by inviting the Chairs of the UK regulated entities' committees to attend periodic meetings of the Main Board Committees.

## A new corporate structure and corporate governance framework

Our intention to reorganise the corporate structure under a new Group holding company registered in Jersey was announced in December 2019 and I am delighted that, after a lot of hard work from colleagues and advisors over the last 15 months, we finally completed the redomiciliation on 26 February 2021. As previously advised, the intention of this reorganisation was 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 TP ICAP Group plc's primary stock exchange listing remains in the UK, and legal, regulatory and advisory regimes will continue to apply to corporate governance and governance reporting, including the UK Corporate Governance Code. Similarly, we will continue to provide a s172 statement, albeit there is no equivalent reporting requirement under the Jersey Companies Act.

Under the new corporate structure, TP ICAP Group plc has delegated the responsibility for the local implementation of the Group's global strategy, its oversight and supervision to separate sub-Group holding companies. The Group's Governance Manual was recently updated to reinforce this new governance framework. Further detail on the Governance Manual is set out on page 68.

## Liquidnet and integration

At the beginning of February shareholders gave their overwhelming support for the acquisition of Liquidnet. We remain on track to complete the acquisition by the end of Q1 2021. The Board is mindful that this is just the start of an important process of integration. Planning and preparation for integration are well advanced; however, we recognise the importance of execution. To this end, the Board has decided to set up a Strategic Execution Committee, drawing membership from Executive and Non-executive members of the Board as well as other key senior managers to conduct regular deep-dive oversight reviews, not only of the Liquidnet integration, but also of other key strategic initiatives of the Group.

### An evolving Board

The Board was pleased to welcome Angela Crawford-Ingle and Mark Hemsley to the Board in March last year, and since the end of the year we have been joined by Tracy Clarke and Kath Cates, who were appointed on 1 January 2021 and 1 February 2021, respectively.

Lorraine Trainer stepped down as a Non-executive Director of the Company in Spring last year. Angela Knight, who had been due to retire from the Board in May last year, agreed instead to remain on the Board for the near-term. Angela will now be stepping down at the conclusion of the 2021 Annual General Meeting, as will Roger Perkin. Angela has been a member of the Board for nine and a half years and Roger is approaching nine years of tenure. It goes without saying that the Board will miss their considerable knowledge, experience and skills. Two important senior positions on the Board are hard to replace. However, I am pleased that Michael Heaney has agreed to become Senior Independent Director, and Angela Crawford-Ingle Chair of the Audit Committee, having shadowed Roger for the last year. Kath Cates will succeed Michael Heaney as Chair of the Risk Committee and Tracy Clarke will succeed Angela Knight as Chair of the Remuneration Committee. We thank Angela and Roger and wish them all the very best for the future.

While the Board remains committed to maintaining a healthy turnover in its Non-executive composition, I am mindful that we are a 'young' Board, the longest tenure of any one member after these most recent departures being three and a half years. This was an important consideration in the search and selection process over the last year, and each new Director brings broad and complementary experience, skills and knowledge to the Board. Further information in relation to all Board members, their knowledge and experience, as well as their other current external appointments may be found on pages 66 to 67.

### Diversity

I am delighted that we have been able to attract individuals of such high calibre to the Board. I am also very pleased that three of the four most recent appointments were women, and each of them will assume the Chairs of the respective Audit, Remuneration and Risk Committees in May. The Board remains committed to cultural, ethnic and gender diversity, recognising the benefits that diversity brings in terms of different experiences and perspectives, which ultimately lead to better Board decisions. The Company has been compliant with the Parker Review ethnicity representation target since November 2017.

I advised last year that the Board would target a minimum of 30% female representation by the end of 2021 and beyond. We achieved that target with Tracy's appointment, and, at the date of this report, Board membership comprises 33% women. This percentage falls back to 30% after the Annual General Meeting in May. There have been recent important deliberations by the Nominations & Governance Committee in relation to the balance of, and the experience, skills and knowledge on, the Board. We have decided that the Board should meet the Hampton Alexander female representation target and we are committed to having a minimum 33% women on the Board by the end of 2021 and beyond. To this end, the role specification will soon be finalised and a search for a new Non-executive Director will commence in Q2 2021.

Our commitment to diversity does not stop at the Board. Driving diversity and inclusion throughout TP ICAP remains a key objective for the Executive team. There has been significant progress in the last year, in particular at the senior management level. In September we submitted our latest Women in Finance data to the Treasury which showed that over 31% of our senior managers were women, compared to 16% the year before.

Finally, I am very pleased that we are able to reinforce our commitment as a Board to environmental, social and governance (ESG) matters with the appointment at the beginning of March 2021 of Tracy Clarke as our Non-executive ESG Engagement Director.

### Board effectiveness

This year we conducted an internal Board evaluation process, having conducted an externally facilitated exercise last year. I am pleased that the evaluation confirmed that the Board operated effectively and responded well to the pandemic. However, there were opportunities identified for improvement and development: further detail on the evaluation and actions agreed for 2021, as well as the steps taken over the last year in response to the 2019 evaluation can be found on pages 79 to 80.

### 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 62.

### Conclusion

Shareholders and other key stakeholders will be assured at how, within a clear and defined governance framework, the Board and Leadership Team responded to the challenges presented in 2020. However, it is likely that many of these same challenges will be with us for some time to come, and the Board must also focus on and remain alive to the challenges of execution – not only of the Liquidnet acquisition and integration, but also of the Company's other strategic initiatives. It is shaping up to be another year of learning.

### Richard Berliand

Board Chair  
9 March 2021

# Board of Directors

**Richard Berliand**  
Board Chair

N



**Appointed**  
19 March 2019 and  
Chair 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 director and 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, Group Financial Controller and Deputy CFO and Financial Controller.

**External appointments:** None.

**Philip Price**  
Executive Director and  
Group General Counsel



**Appointed**  
3 September 2018

**Board skills and experience:** Philip has over 30 years' experience gained in senior roles in the corporate and financial services sector. His knowledge and expertise enables him to bring a valuable perspective to the Board's consideration of risk, governance, legal and compliance issues and he is able to provide the Board with insight as to the dynamic and complex regulatory environment in which TP ICAP operates. Having spent his career variously in London, Europe and Hong Kong, Philip also brings an understanding and insight into a number of the Group's key operating markets.

**Career:** Prior to joining the Group in 2015, Philip held senior executive roles in UK listed companies, investment banks and alternative investment sector. Philip is admitted as a Solicitor of the Senior Courts of England & Wales.

**External appointments:** None.

**Roger Perkin**  
Independent  
Non-executive Director

N Ri A



**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 Audit Committee Chair 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. Having served almost nine years, Roger has indicated his intention to step down from the Board and accordingly will not be seeking re-election at this year's 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 two charities: Chiddingstone Castle; and the Charities Aid Foundation.

**Edmund Ng**  
Independent  
Non-executive Director

N Ri Re 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.

**Key**


- A Audit Committee
- N Nominations & Governance Committee
- Re Remuneration Committee
- Ri Risk Committee

- Chair
- Member
- W Workforce Engagement Director

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

**Kath Cates**  
Independent  
Non-executive Director  
Risk Committee Chair  
Designate

N Ri A



**Appointed**  
1 February 2021


**Board skills and experience:** Kath brings to the Board a wealth of experience in global financial services with over 25 years in executive roles based in Hong Kong, London, Singapore and Zurich. As Global COO, her responsibilities spanned risk, legal and compliance, operations, IT, brand, HR and strategy. More recently as a Non-executive Kath has gained broad experience on the main boards of a number of companies, chairing Board committees and acting as Senior Independent Director.

**Career:** Kath was previously Global COO, Wholesale Banking for Standard Chartered Bank plc. Prior to that Kath spent over 20 years at UBS in a variety of senior roles including Global Head of Compliance. Kath was until recently a Non-executive Director of Brewin Dolphin Holdings plc where she was Chair of the Risk Committee.

**External appointments:** Non-executive Director of United Utilities Group plc; Non-executive Director and Chair of the Remuneration Committee of RSA Insurance Group plc; Non-executive Director of several companies in the Columbia Threadneedle Group including Chair of Audit of Threadneedle Pensions Limited.

**Michael Heaney**  
Senior Independent  
Director Designate

N Ri Re 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 has been invaluable in his role as interim Chair 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:** Chairman of the US Securities and Exchange Commission Fixed Income Market Structure Advisory Committee.

**Tracy Clarke**  
Independent  
Non-executive Director  
Remuneration  
Committee Chair  
Designate

N Re



**Appointed**  
1 January 2021

**Board skills and experience:** Tracy brings to the Board considerable international banking and financial services experience, having most recently served as a Director of Standard Chartered Bank UK for seven years. Her prior Non-executive appointments include Chair of the remuneration committees of Sky plc and Eaga plc, and she is therefore well positioned to chair the Remuneration Committee from the conclusion of the 2021 Annual General Meeting. Her previous experience will also be valuable in her role as ESG Engagement Director.

**Career:** As well as having been Director of Standard Chartered Bank UK from January 2013 until 31 December 2020, Tracy served as Non-executive Director of Standard Chartered First Bank in Korea, Zodia Holdings Limited and Zodia Custody Ltd. She has also chaired the boards of Standard Chartered Bank AG and Standard Chartered Yatirim Bankasi Turk A.S. She was also Non-executive Director of Inmarsat plc, China Britain Business Council and recently stepped down as Non-executive Director of TheCityUK.

**External appointments:** Non-executive Director and Chair of the Remuneration Committee of the All England Netball Association.

**Angela Crawford-Ingle**  
Independent  
Non-executive Director  
Audit Committee Chair  
Designate

N Ri A



**Appointed**  
16 March 2020


**Board skills and experience:** Angela brings substantial experience to the Board, both from her executive career, as well as from her other Non-executive Director roles in financial services. She delivers 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 20 years, during which time she led the Insurance and Investment Management Division. She has previously served in Non-executive Director roles at Beazley plc and Swinton Group Limited.

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

**Mark Hemsley**  
Independent  
Non-executive Director

N Ri W



**Appointed**  
16 March 2020

**Board skills and experience:** Mark draws 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 is invaluable to the Board. During the year Mark assumed the role of Workforce Engagement Director for EMEA and has commenced engagement with colleagues to bring the perspectives of EMEA employees to Board discussions.

**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 in Europe, Managing Director, Market Solutions at LIFFE and Director Global Technology at Deutsche Bank GCI. Mark was also a board member 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.

**Angela Knight**  
Senior Independent  
Non-executive Director

N Ri A



**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. Having served over 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.

**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 Arbutnot Latham & Co Ltd; Non-executive Director of Provident Financial Group Plc and Board member of Encore Capital Group Inc.

# 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 Chair 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 and whilst every effort is made to arrange that all Board members are able to attend these additional meetings, as they are often at relatively short notice that is not always possible. All Board and Board Committee meetings are minuted. These summarise the principal points discussed during an item's deliberation and record any unresolved concerns and actions arising from the discussion. In addition to the eight scheduled meetings there were seven further ad-hoc meetings held at short notice as well as numerous Board briefing calls led by the Chief Executive Officer, including to provide regular updates to the Board on the Company's response to the COVID-19 pandemic. In most cases all eligible Board members were able to attend these additional meetings.

## 2020 Board meeting attendance

| Director                           | Meetings attended <sup>1</sup> |
|------------------------------------|--------------------------------|
| Richard Berliand                   | 8/8                            |
| Nicolas Breteau                    | 8/8                            |
| Angela Crawford-Ingle <sup>2</sup> | 6/6                            |
| Michael Heaney                     | 8/8                            |
| Mark Hemsley <sup>3</sup>          | 6/6                            |
| Angela Knight                      | 8/8                            |
| Edmund Ng                          | 8/8                            |
| Roger Perkin                       | 8/8                            |
| Philip Price                       | 8/8                            |
| Robin Stewart                      | 8/8                            |
| Lorraine Trainer <sup>4</sup>      | 4/4                            |

- 1 Annual scheduled meetings only. See above for details of ad-hoc meetings.
- 2 Angela Crawford-Ingle was appointed as a Director of the Board on 16 March 2020.
- 3 Mark Hemsley was appointed as a Director of the Board on 16 March 2020.
- 4 Lorraine Trainer stepped down as a Director of the Board on 13 May 2020.



### More online

The Board Matters Reserved and Committee Terms of Reference can be found at:  
[www.tpicap.com/investors](http://www.tpicap.com/investors)

## 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 & 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 Committee, Group Management Committee ('GMC'), Group Business Committee ('GBC'), Group Operations Committee ('GOC') and the Group Risk, Culture and Conduct Committee ('GRCCC'). The Group executive level Committees are chaired by the Chief Executive Officer, except the GRCCC which is chaired by the Group General Counsel and the GOC which is chaired by the Chief Operating Officer. The Committee responsibilities are described in the governance framework on the page opposite.

## Group Governance Manual and policies

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. The Group Governance Manual sets out the governance framework in relation to the Group's central and regional governance structures, and documents 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. Most recently the Group Governance Manual has been revised to reflect the Group's new organisational structure following the redomiciliation of the ultimate holding company to Jersey and the consequential changes to the governance framework.

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.



## 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

Determines the Group's purpose, values and strategy and ensures these are aligned with the culture.

Ensures the necessary resources are in place to meet Company objectives and measure performance against them.

Ensures that controls and risk management systems are rigorous and effective throughout the organisation.

Determines the Group's risk appetite and nature and extent of the principal risks and considers other matters escalated from the Board's Risk Committee

Determines what matters are reserved for decision of the Board



**Board Committees**

|  |   |   |   |  |
|--|---|---|---|--|
| <p><b>Nominations &amp; Governance</b><br/>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.</p> <p style="text-align: center;"> <b>For more see page 81</b></p> | <p><b>Remuneration</b><br/>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.</p> <p style="text-align: center;"> <b>For more see page 92</b></p> | <p><b>Risk</b><br/>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.</p> <p style="text-align: center;"> <b>For more see page 89</b></p> | <p><b>Audit</b><br/>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.</p> <p style="text-align: center;"> <b>For more see page 84</b></p> | <p><b>Executive</b><br/>Responsible for defining and refining strategic proposals and reviewing the success of implementation of Group strategy, overseeing performance against the strategy and budget on a business line and regional basis. It monitors the implementation and 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.</p> |
|--|---|---|---|--|



|   |   |
|---|---|
| <div style="background-color: #00A0C0; color: white; padding: 5px;"><b>Group Management Committee</b></div> <p>Responsible for periodically monitoring and reviewing current business performance against budget and agreed strategy, developing and influencing future strategy and making recommendations for variation of current strategy for consideration by the Executive Committee. The Committee considers the resourcing for the delivery of future strategy.</p>                               | <div style="background-color: #00A0C0; color: white; padding: 5px;"><b>Group Business Committee</b></div> <p>Responsible for exercising oversight of the Group's commercial issues and current business performance with reporting by business line. It also develops ideas on future strategy for consideration by the Executive Committee.</p>  |
| <div style="background-color: #00A0C0; color: white; padding: 5px;"><b>Group Operations Committee</b></div> <p>Responsible for exercising oversight of the performance of support functions, overseeing significant Group projects and initiatives, monitoring operational risk within the support functions, reviewing, approving and prioritising potential change initiatives, exercising oversight of budget and cost in support functions and approving and reviewing support function policies.</p> | <div style="background-color: #00A0C0; color: white; padding: 5px;"><b>Group Risk, Culture and Conduct Committee</b></div> <p>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 recommendations to the Executive Committee, Risk Committee and Audit Committee as appropriate.</p> |

### Division of responsibilities

The roles of the Board Chair and Chief Executive Officer are separate and a formal statement of division of responsibilities has been adopted by the Company.

**Board Chair:** 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 Chair 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 Chair, Chief Executive Officer or Chief Financial Officer, or for which such contact is inappropriate. Provides a sounding board for the Chair and is available to act as an intermediary for other Directors when necessary. Responsible for reviewing the effectiveness of the Chair. Michael Heaney will be replacing Angela Knight as Senior Independent Director upon her retirement from the Board at the conclusion of the Company's 2021 Annual General Meeting.

**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.

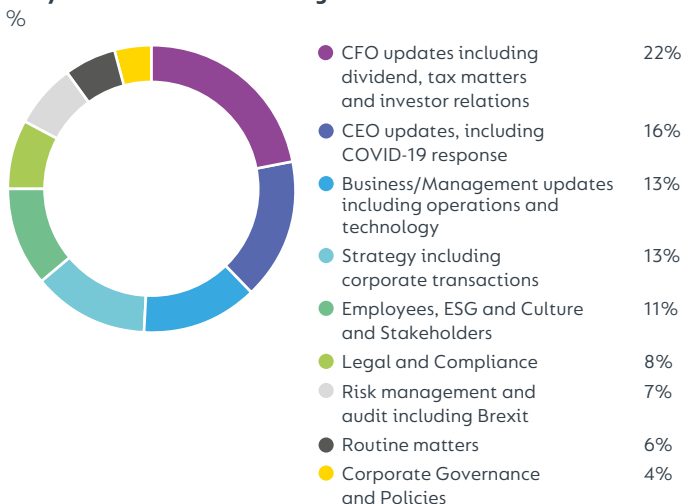
### The Board's activities

In addition to the eight scheduled meetings, numerous off-cycle Board meetings and briefings were held in 2020 at which the Board discussed, among other matters, COVID-19 and the impact to the business and its staff, the Liquidnet acquisition, the Jersey redomiciliation and changes to Board membership. The Board also held a strategy update in January 2020.

Over the course of the year, the Non-executive Directors held occasional virtual meetings 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 scheduled 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



#### More online

The Division of Responsibilities can be found at:  
[www.tpicap.com/investors](http://www.tpicap.com/investors)

## Key agenda items discussed by the Board

Some of the key strategic priorities and areas discussed and reviewed by the Board in 2020 are shown below:

| Strategic and operational priorities                                   | Key activities and discussions   |
|--|--|
| <b>Strategy formulation, implementation and monitoring</b>             | <ul style="list-style-type: none"> <li>&gt; Regular Chief Executive Officer's reports</li> <li>&gt; Acquisition strategy including Liquidnet acquisition, corporate transaction approvals and post investment reviews</li> <li>&gt; Technology redeployment and workflow redesign in response to COVID-19</li> <li>&gt; Reports from the Americas, EMEA and Asia Pacific regions</li> <li>&gt; Presentations from the business including Data &amp; Analytics, Energy &amp; Commodities and eMarkets</li> <li>&gt; Brexit planning and implementation</li> <li>&gt; Dedicated strategy session</li> </ul>  |
| <b>Build and sustain technology expertise</b>                          | <ul style="list-style-type: none"> <li>&gt; Presentations on technology and cyber risk</li> <li>&gt; Deep dive on cyber security</li> </ul>  |
| <b>Develop our people</b>  | <ul style="list-style-type: none"> <li>&gt; Culture and conduct initiatives</li> <li>&gt; Diversity and inclusion</li> <li>&gt; Employee wellbeing and working environment, including COVID-19 measures to safeguard our people</li> <li>&gt; Employee share plans</li> <li>&gt; Employee development</li> <li>&gt; Gender pay gap review</li> <li>&gt; Whistleblowing updates, in conjunction with the Audit Committee</li> </ul>   |
| <b>Enhance operational expertise</b>                                   | <ul style="list-style-type: none"> <li>&gt; Presentation on operations, including updates on transition of roles to Belfast</li> <li>&gt; Internal and external communications strategy</li> </ul>   |
| <b>Financial performance, including results, capital and liquidity</b> | <ul style="list-style-type: none"> <li>&gt; Regular Chief Financial Officer's reports including financial performance</li> <li>&gt; Three-year financial plan updates</li> <li>&gt; Financial strategy</li> <li>&gt; Approval of the 2020 Group budget and discussion of the 2021 budget setting process</li> <li>&gt; Approval of 2019 year end results, the Annual Report and Accounts, the AGM circular and dividends</li> <li>&gt; Review of dividend policy</li> <li>&gt; Group review of capital and liquidity adequacy</li> <li>&gt; Approval of interim results and review of trading statements</li> <li>&gt; Viability statement and going concern</li> <li>&gt; Pillar 3 disclosures</li> <li>&gt; Group insurance renewal</li> </ul>   |
| <b>Corporate governance and risk, including regulatory outcomes</b>    | <ul style="list-style-type: none"> <li>&gt; Reports of the activities of the Audit, Risk, Remuneration and Nominations &amp; Governance Committees</li> <li>&gt; Withdrawal of the United Kingdom from the European Union and consequences for the Group</li> <li>&gt; Impact of Covid-19 on operations and financial results</li> <li>&gt; Risk strategy, risk assurance plan and risk appetite statements</li> <li>&gt; Regular legal and compliance reports</li> <li>&gt; Corporate restructure, including Jersey domicile</li> <li>&gt; Presentations from the CRO, including on embedding a good risk culture</li> <li>&gt; Conflicts of interest</li> <li>&gt; Corporate governance matters, including approval of the Group Governance Manual, Matters Reserved for the Board, Division of Responsibilities, Schedule of Delegations and Group Expenditure Control Framework</li> <li>&gt; Board appointments</li> <li>&gt; Board and Committee evaluation</li> <li>&gt; Board and Committee Terms of Reference reviews</li> <li>&gt; Review of Securities Dealing Code</li> <li>&gt; Review of Modern Slavery Statement</li> </ul> |
| <b>ESG, including stakeholder engagement</b>                           | <ul style="list-style-type: none"> <li>&gt; CSR and ESG strategy and reports</li> <li>&gt; Shareholder engagement and feedback on corporate transactions</li> <li>&gt; Investor relations reports and shareholder analysis</li> <li>&gt; Review of the charitable giving policy</li> <li>&gt; Climate change and environmental sustainability</li> <li>&gt; Engagement with the FCA</li> <li>&gt; Supplier engagement</li> <li>&gt; Presentation from the Head of CRM</li> </ul>   |

## How the Board has satisfied its section 172 duty

The Board is committed to actively engaging with its stakeholders to ensure their interests are considered amongst other factors in Board discussions and decisions. Whilst physical engagement was challenging during the year, the Board took a number of steps to maintain active engagement with its stakeholders and ensure their views were taken into account in strategic decisions promoting the long-term sustainable success of the Company. This section of the Governance Report sets out how the Directors have had regard to the matters in section 172 of the Companies Act 2006 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 UK subsidiaries for the year ended 31 December 2020.

### Our stakeholders

The Board reviewed the stakeholder mapping exercise carried out in 2018 and determined our key stakeholder groups remained employees, shareholders, clients, regulators and suppliers. In addition, environmental and community matters are key areas of importance. The Board also reinforced its commitment to ESG by appointing Tracy Clarke as the dedicated Non-executive Director for ESG matters whose role will be to ensure that the Board continues to consider the environmental and societal impact of its decisions alongside other key stakeholders. You can read more on this in the Chair's statement on page 65 and in the Strategic Report on pages 50 to 60.

### How we engage

The Board tailors its engagement approach for each key stakeholder group in order to foster effective and mutually beneficial relationships. On pages 73 to 75 we set out our key stakeholder groups and the main methods used to engage with them. The Board monitors the effectiveness of these engagement mechanisms as part of the Board evaluation process.

To support the Board's endeavours to better engage with and consider the interests of our stakeholders, Board paper templates invite appropriate focus on section 172 considerations to ensure stakeholder feedback is taken into account in the Board's decision making.

### Case Study: The Board's response to the pandemic

Stakeholder consideration: employees, clients, regulators, shareholders, suppliers

The Board's response to the pandemic required a balanced consideration of a number of stakeholders, as well as broader societal considerations. From the outset the Board was focused on protecting the wellbeing of its employees as a priority: Board briefing video conference meetings were held to discuss remote working and the implementation of safeguarding measures for those who continued to work in the office on a rotational basis. Among the measures was the dispatch of safety kits (including face masks) to staff in preparation for their return to the office.

At the same time the Board was mindful of maintaining continuity of service to clients, discussing the rapid redeployment of technology, setting up communication lines and designing workflows to allow brokers to continue servicing their clients.

In addition, the Board was kept apprised of the steps being taken to ensure appropriate monitoring and surveillance was in place for brokers working from home and that remote broking activity continued to comply with regulators' requirements. At the start of the crisis, briefings to discuss these stakeholder considerations were being held approximately every two weeks and included an update on discussions with regulators. Also, as part of the Board's early deliberations in response to the pandemic, consideration was given to whether an adjustment or suspension to the final dividend payment for the year ended 2019 should be made – it was decided not to make any adjustments at the time. Payment practices were also discussed and the Board was keen to ensure that invoice payment turnaround times were not significantly impacted by COVID-19.

### Case Study: Liquidnet acquisition

Stakeholder consideration: shareholders, clients, regulators, employees

Active dialogue between the Board Chair, Board members and shareholders was key to driving forward the Liquidnet acquisition and rights issue capital raise, which was approved by a significant majority of shareholders in February 2021 and is on schedule to complete in late March 2021. The Board considered this opportunity as one which would promote the success of the Company in the long term and create long-term value for shareholders, but also considered how our customers, and those of Liquidnet, would view the acquisition and the possible business opportunities the combination might present. Members of the Board engaged with the regulators for feedback on the proposed acquisition to ensure the acquisition and capital raise complied with regulatory requirements and any concerns were addressed.

Following the announcement of the intention to acquire Liquidnet, employees were kept informed directly through emails from the Chief Executive Officer. The Remuneration Committee also discussed and addressed the potential impact of the rights issue on employee share awards and employee communications provided assurances and FAQs.

## How we engage – employees

### Why we engage

The Board recognises that our people are critical to the success of the business. Engaging with employees at all levels and understanding their needs enables the Board to ensure that we retain and develop the best talent across the organisation. Employee engagement also 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 and is aligned to the Company's purpose and strategy.

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 in 2018 to include employees across all our regions in the Workforce Engagement Programme described below.

### How we engage

During the year, Mark Hemsley replaced Lorraine Trainer as the nominated Workforce Engagement Director in EMEA region, including the UK. The purpose of the role is to gain an insight into regional specific issues and employee views and share these with the full Board so that these may be considered as part of the decision-making process, where appropriate. Michael Heaney and Edmund Ng remain the appointed Workforce Engagement Directors for the Americas and Asia Pacific regions, respectively.

Given the challenges presented in the year by the COVID-19 pandemic, employee engagement was slightly different this year with social distancing measures across our regions impacting face-to-face sessions that had been planned as part of the Workforce Engagement Programme. Despite the challenges, some virtual sessions between Engagement Directors and colleagues were conducted: it is hoped that a fuller direct engagement programme will proceed in 2021.

Early in the year the Board was particularly keen to understand the impact of the pandemic on its workforce and ensure staff wellbeing was protected first and foremost, whilst maintaining a continuity of service to clients. Employees were asked to complete a COVID-19 related survey which covered a number of areas including the move to remote working and the outcome of the survey was presented to the Board. This was an important initiative on our engagement journey and staff were strongly urged to take part. The COVID-19 survey received an extremely high staff participation rate and responses indicated that staff found greater levels of working flexibility to be beneficial. As a consequence participants in the Workforce Engagement Programme were invited to be involved in the development of an Agile Working policy to help evolve our working practices and retain and attract top talent. This new policy is expected to be rolled out in H1 2021.

Communication with our colleagues during this difficult year was particularly important and a weekly CEO update was introduced, initially in written format but as the lockdown progressed, we changed to a more personal video format, which resonated well with staff. It kept all employees advised of the safety measures being implemented across all our offices and the numerous other adjustments that we introduced to protect staff and ensure business continuity, whilst complying with local legislation and guidance. We also set up a dedicated COVID-19 web page where all of the advice could be found.

Other forms of engagement with employees during the year included the Group-wide diversity and inclusion survey providing insight into employee sentiment and engagement levels, monitoring progress on conduct and culture initiatives and providing feedback that would define action plans relevant to our business in order to drive positive change.

The outcomes of these engagements provided a cultural barometer and feedback on employees' views and concerns and were reported to the Board, as was a Whistleblowing report highlighting notified areas of concern.

In the UK there is also an employee representation forum, chaired by the CEO, EMEA region, 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 who in turn share this with the Board as part of their Board reports or presentations.

### Impact on Board decisions

Feedback and insights from the Workforce Engagement Programme and other engagement mechanisms were discussed in Board and Board Committee meetings. Some of the matters considered as part of the Board's decision making included the effectiveness of changes to working practices for both employees and clients, progress on conduct and culture initiatives, progress against diversity and inclusion targets, the introduction of broker equity plans, employee share schemes and other employee compensation considerations.

The feedback from the COVID-19 engagement survey also helped to inform return to work plans following the first lockdown and provided the Board with invaluable insight into the best ways to support staff throughout the pandemic.

A number of initiatives were agreed for implementation following the results of the diversity and inclusion survey, including the establishment of the TP ICAP Mentoring Programme, which was launched in November 2020.

The Board will continue to monitor the effectiveness of the Workforce Engagement Programme, as well as other informal and structured 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.

### Workforce engagement in the UK – How it will work in 2021

|   |   |
|---|---|
| 1. Board appointed Mark Hemsley to lead EMEA employee engagement  | 5. Reports discussed at two Board meetings each year including feedback and next steps        |
| 2. Invitations to be issued to all employees (including agency workers and contractors at identified office sites)                          | 6. Agree feedback and actions communicated to employees by regional CEO                       |
| 3. Meetings to be held with employee participants   | 7. Further meetings added to the programme to extend reach to more locations                  |
| 4. Output from the previous direct engagement and employee engagement survey to be used to stimulate discussions at the engagement sessions | 8. Board review of employee engagement approach to monitor progress and consider improvements |

## How we engage – our other key stakeholders

### Shareholders

#### How we engage

The Chief Executive Officer, Chief Financial Officer and Board Chair hold frequent meetings with investors, which in 2020 included Capital Markets Day, to hear their views on various matters. Some of the topics covered in the discussions were the Jersey redomicile, the acquisition of Liquidnet and the Company's strategy, the rights issue and other matters of concern to investors such as ESG. The Board regularly receives feedback on these meetings, along with copies of analysts' and brokers' briefings. The Chair met with shareholders representing 48% of the shareholder register. We also engaged with institutional investors in several other ways, including a number of virtual group conference calls to accommodate overseas investors.

All shareholders are invited to attend the Annual General Meeting ('AGM') and all the Directors normally attend these meetings and are available to answer questions. Given the challenges over the last year presented by the COVID-19 pandemic, the AGM in 2020 was a hybrid meeting, facilitating electronic attendance by shareholders who, via their computers or electronic devices, were able to ask questions of the Board and vote in real-time at the meeting. The 2021 AGM will similarly be a hybrid meeting.

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

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](http://www.tpicap.com/investors).

#### Impact on Board decisions

The Board considers shareholders' interests and views as part of their deliberations on an ongoing basis, including in relation to the Company's strategy, dividend payment, and capital and liquidity.

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. Feedback from investors was a key consideration in Board discussions during the year, particularly in relation to major corporate transactions including the Liquidnet acquisition, corporate reorganisation and redomiciliation and executive remuneration Committee discussions. An example case study can be found on page 72 regarding the acquisition of Liquidnet. The Board has also accelerated its focus on its ESG strategy taking into account numerous communications from investors on the topic.

### Clients

#### How we engage

Our relationships and engagement with our clients are fundamental to the success of the business. Regular and effective dialogue with our clients enables the Board to understand client's needs and how satisfied they are with us as a supplier and business partner.

The Board is updated regularly on client engagement by the Chief Executive Officer as part of his Board presentation. The Client Relationship Management ('CRM') team provide holistic coverage of the Company's most important clients, both at strategic and tactical levels, to broaden and institutionalise relationships and identify opportunities for TP ICAP to more comprehensively serve our clients. The Head of CRM presented to the Board during the year and CRM 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 as part of their presentations to the Board.

During the year the Chief Executive Officer attended meetings with major clients engaging on the most important drivers of our clients' business 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.

#### Impact on Board decisions

Throughout the year the Board has been considering the output from this engagement and its potential implications for the Company's strategy. This year a particular focus was ensuring continuous provision of brokerage services and liquidity to clients during the COVID-19 pandemic and a case study on this is set out on page 72. The client impact of Brexit was also a key consideration for the Board in developing and implementing our own Brexit plans.

Having an understanding of the impact of external economic factors on our clients has enabled the Board to readjust its immediate strategy and provide effective oversight of operational performance. In addition, dialogue with clients has helped the Board to stay informed about clients' concerns, understand significant changes in their business, predict future trends and re-align strategy accordingly.

## Suppliers

### 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. The Board has also 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 addition, the Board also received regular updates on Payment Practices reporting.

### Impact on Board decisions

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. There has also been a focus on consolidating our supplier base to monitor performance, manage risk, influence CSR and ESG matters and drive value. The Board was keen to ensure that the COVID-19 pandemic did not cause significant additional delays to our accounts payable.

## Regulators

### How we engage

As the Group has been 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.

The Board is kept apprised of discussions with the FCA and regulators in other jurisdictions in which we operate through Board presentations and regular legal and compliance updates presented by the Group General Counsel at the Board meetings. The Board was briefed on the views being expressed by regulators on how the markets would operate post-Brexit, the governance implications of the Jersey redomiciliation and the Liquidnet acquisition.

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.

### Impact on Board decisions

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, culture and conduct initiatives, as well as in the future design of pay and compensation structures, including share plans. Feedback from regulators during the year was a key consideration in Board discussions and decisions around the corporate reorganisation and redomiciliation, the acquisition of Liquidnet, Brexit plans and the response to the COVID-19 pandemic. Case studies can be found on page 72.

## Other stakeholder interests

### Community and environment

The Board is cognisant of society's continuing 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 stakeholders.

During 2020 the Board increased its focus on the Group's environmental management approach and changes required to meet best practice among the FTSE 350 companies. The Board will be regularly updated on progress against actions or targets set. Our reporting on greenhouse gas emissions can be found in the Directors' report on page 111. This also sets out our environment and climate responsibilities.

The Board was updated on the work that was carried out to support the communities in which the business operates across its global locations and further information can be found in the Environmental, Social and Governance report on pages 50 to 60.

### Board composition

At the year end the Board comprised ten Directors: three Executive Directors, six independent Non-executive Directors and a Non-executive Chair who was independent on appointment. In compliance with the Code, over half the Board was comprised of independent Non-executive Directors throughout 2020 and this remains the case as at the date of this report with a total of eight Non-executive Directors, following the appointments of Tracy Clarke and Kath Cates since the year end.

The Board recognises that a balanced and diverse Board, with a broad range of skills, experience and knowledge is more likely to be an effective Board. The Directors' biographies on pages 66 to 67 and charts on page 77 demonstrate the depth and breadth of the Board's skills, knowledge, experience and competencies. The charts on the opposite page reflect the constitution of the Board as at 31 December 2020.

### 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, including Angela Knight who has served on the Board for over nine years. The Chair 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. 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 Board 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 & 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's 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 108. 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.

During the year, the Nominations & Governance Committee introduced a process for the formal review and renewal of a Non-executive Director's appointment prior to the end of each three-year term. As part of the process the Chair conducts an interview and assessment to confirm that the Non-executive Director continues to contribute effectively and to demonstrate commitment to the role. Should the Chair determine that is the case, a recommendation is made to the Nominations & Governance Committee to extend the appointment for another three-year term. In line with best practice governance, a proposal for a third three-year term will be subject to more rigorous scrutiny before making a recommendation. During the year, the Nominations & Governance Committee considered and supported second three-year terms for each of Edmund Ng and Michael Heaney.

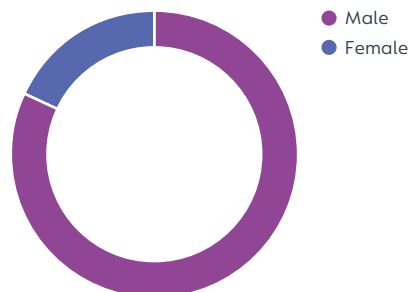
### External appointments

The Directors' other directorships are set out in the biographies on pages 66 to 67. 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.

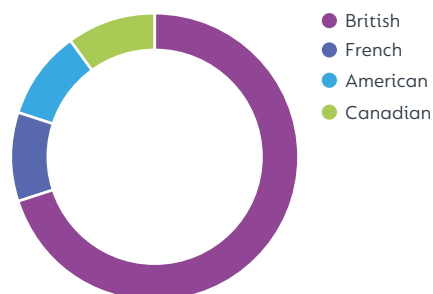


## Composition of the Board as at 31 December 2020

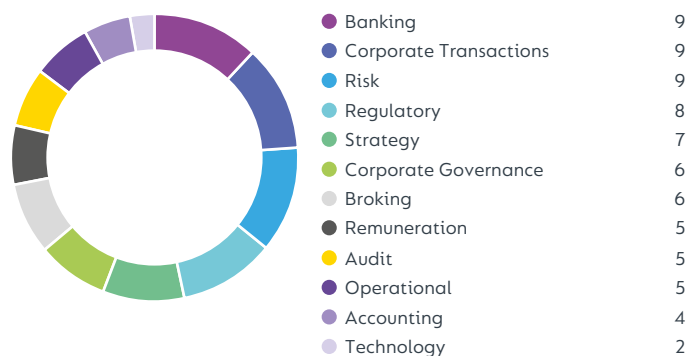
### Gender



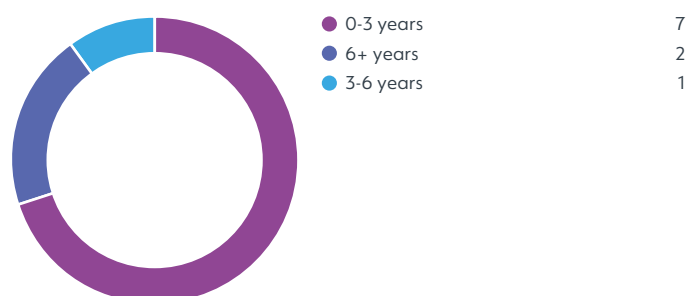
### Nationality



### Skills



### Tenure



### 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 as determined by the Chief Executive Officer and the Executive Directors. Additionally, the Chair of the Board or the Chairs of each of the Committees have sessions, in person, by telephone or exchange of email, with the Group Company Secretary or relevant function heads to review the agendas for scheduled meetings.

Wherever possible agenda items for consideration are accompanied by written reports and supporting papers. Oral 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.

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

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 training and development

All Directors receive a comprehensive induction on joining the Board. Further details on the general process for the induction of new Directors is set out in the Nominations & Governance Committee Report on page 82.

The Chair 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. During 2020 the Board and Committees had almost eight hours of formal training on a wide range of topics, despite the challenges presented by COVID-19 and the consequential reprioritisation of the Board's agenda. The subjects included deep dives on capital strategy and usage, ICAAPs overview and methodology, franchise risk and the Investment Firms Directive. The Board also received training on crisis and cyber training as well as Jersey versus English law in preparation for the redomiciliation. In addition to this formal training there were regular briefing sessions at Board meetings throughout the year on the UK's exit from the European Union, implications for financial services and the Company's consequential plans.

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 GMC make regular presentations to the Board on a wider range of topics.

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. Such 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. 2020 presented clear challenges, given COVID-19 restrictions, to engage on a face to face basis but where possible this was conducted virtually.

### Board evaluation

The Board undertakes an external evaluation every three years, the most recent external evaluation having taken place last year. The 2020 Board and Committees evaluation process was therefore internally facilitated and is illustrated in the following diagram:



### Progress against 2020 actions

The outcome of the 2019 Board evaluation exercise, which was externally facilitated, was reported in detail in last year's Annual Report. The main action points arising from that exercise, and actions taken in respect of each, are set out in the table below.

| 2019 evaluation recommendations   | Progress made during the year   |
|---|---|
| <b>Enhance the Board's engagement on the Group's culture and behaviours</b> | <ul style="list-style-type: none"> <li>&gt; The Board maintained a strong focus on workforce culture and behaviours throughout the year despite the challenges posed by the COVID-19 pandemic. Some examples include the introduction of a broker equity scheme, maintaining focus on the embedding of the Group's Enterprise Risk Management Framework and the holding of regional town halls and employee engagement sessions earlier and at the end of the year (though these were curtailed by the pandemic).</li> <li>&gt; ESG and CSR became a regular agenda item for the Board.</li> </ul>  |
| <b>Monitor and evaluate progress in implementing the Group's strategy</b>   | <ul style="list-style-type: none"> <li>&gt; The Board approved the establishment of a Strategy Execution Committee to assist with monitoring and evaluating progress on strategic implementation.</li> </ul>  |
| <b>Enhance the Board's composition, dynamics and processes</b>              | <ul style="list-style-type: none"> <li>&gt; Since the publication of the last Annual Report, four Directors were appointed to the Board with invaluable, broad-ranging skillsets as set out in the Director biographies on pages 66 to 67. This year's Board evaluation indicated that the appointments had a positive effect on the composition and dynamics of the Board, though it was also recognised that new Directors would require to be brought up to speed quickly with specific knowledge of TP ICAP in light of the relatively short overall tenure of the Board as a whole.</li> </ul> |

### Actions agreed for 2021

The 2020 evaluation process highlighted that Board members felt that they worked well together as a unit, the Chair successfully led and guided members on the pace, focus and discussions of important topics at meetings. Board members were also considered to be aligned on the Company's purpose, values and wider responsibilities. The main recommendations arising from the Board evaluation for 2020, and actions planned during 2021, are set out in the table below.

| 2020 evaluation recommendations   | Actions to be taken during 2021  |
|---|--|
| <b>Strengthen the Group's ESG strategy and appoint an ESG representative to facilitate its implementation</b> | > Appoint a Director as the nominated ESG representative, enhance oversight of environmental statistics, consider ESG objectives and maintain regular dialogue with stakeholders on ESG matters. The Board approved Tracy Clarke's appointment as ESG Engagement Director in March 2021. |
| <b>Ensure new Directors are integrated swiftly into Board discussions</b>                                     | > Adapt Director induction programmes to ensure Directors are brought up to speed quickly on the activities of the business. Consider alternative engagement and induction methods where COVID-19 related restrictions still exist.  |
| <b>Continue to improve the Non-executive Director Employee Engagement Programme</b>                           | > Continue to improve and monitor the effectiveness of the Non-executive Director Employee Engagement Programme to ensure continuity despite the current challenges presented by COVID-19.   |

Specific developments and actions to be taken during 2021 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 Chair meets with the Non-executive Directors to evaluate the performance of the Chief Executive Officer;
- > The Chair meets each Non-executive Director individually; and
- > The Senior Independent Director and the other Non-executive Directors meet to evaluate the Chair's performance, having first obtained feedback from the Chief Executive Officer.

As part of the annual evaluation, an individual's commitment of time to the Company in light of their other commitments, as noted in their biographies on pages 66 to 67, is reviewed. In addition the Chair will conduct an interview and assessment of Non-executive Directors as he or she approaches the end of each three-year term to determine their contribution and commitment to the role. Further information on this is on page 83.

All Directors subject to the annual evaluation were deemed to be effective members of the Board and are recommended for re-election at the AGM, except Angela Knight and Roger Perkin who will not be seeking re-election.

# Report of the Nominations & Governance Committee

**Richard Berliand**  
Chair, Nominations  
& Governance Committee



## Dear fellow shareholder,

I am delighted to present the Nominations & Governance Committee Report which summarises how the Committee has discharged its responsibilities during the year. Areas of focus this year included Board recruitment, composition and succession planning, Board and workforce diversity, senior management succession planning, ESG and Governance matters including the Group Governance Manual.

## Board composition, recruitment and succession planning

One of the agreed actions following last year's Board and Committee evaluation was to review the composition of the Board and Committees, taking into consideration Board members' skills, experience and knowledge, as well as diversity aspirations, recognising that this needed to keep pace with the execution of the Group's strategy. The Committee made good progress in this area with the appointments of Mark Hemsley and Angela Crawford-Ingle in March 2020 and Tracy Clarke and Kath Cates more recently in January and February 2021, respectively. An important focus of the search and recruitment process was the Committee's diversity aspirations as well as the Company's strategic priorities. The skills, experience and external appointments of the new Directors can be found on pages 66 to 67. The Board is already benefiting from Mark's and Angela's considerable experience and contributions to Board discussions. Kath and Tracy bring strong relevant experience and expertise to the Board which will prove invaluable to their roles as Chair of the Risk Committee and Chair of the Remuneration Committee, respectively.

The recruitment process for each appointment was carried out with the support of an independent search consultancy firm, Russell Reynolds, with no connection to the Company or to individual Directors, who were asked to compile a diverse long and short list of candidates with specific skills and expertise to fill the gaps left by departing Board members. During the recruitment process, candidate specifications (including expected time commitment, skills and expertise) were agreed and used by Russell Reynolds to identify potential external candidates in the market based on objective criteria with due regard to the Board's diversity goals. The potential candidates' profiles were mapped with the Board Skills Matrix, which is regularly reviewed by the Committee, to ensure the skills and expertise that are considered important to achieving the organisation's strategic priorities are covered. Members of the Committee met individually with the shortlisted candidates and all the Board members met with the preferred candidates.

Whilst every effort is made to ensure appropriate succession plans are in place in the medium and long term, on occasion the Committee has to consider unanticipated near-term succession plans. Lorraine Trainer decided in March 2020 not to seek re-election at the 2020 Annual General Meeting and consequently stepped down from the Board on 13 May 2020. In light of Lorraine's departure, Angela Knight, who had been due to step down from the Board, agreed to remain on the Board for the near-term and assume the Chair of the Remuneration Committee as well as continue as the Company's Senior Independent Director. This not only gave the Board the opportunity to continue to benefit from her considerable knowledge and experience, but also gave the Nominations & Governance Committee time to conduct a thorough and extensive search for a permanent Chair of the Remuneration Committee alongside the search for a permanent Chair of the Risk Committee, which was already in train.

| Committee members                  | Meetings attended <sup>1</sup> |
|------------------------------------|--------------------------------|
| Richard Berliand                   | 5/5                            |
| Angela Crawford-Ingle <sup>2</sup> | 3/3                            |
| Michael Heaney                     | 5/5                            |
| Mark Hemsley <sup>3</sup>          | 3/3                            |
| Angela Knight                      | 5/5                            |
| Edmund Ng                          | 5/5                            |
| Roger Perkin                       | 5/5                            |
| Lorraine Trainer <sup>4</sup>      | 2/2                            |

- In addition to the scheduled meetings, four further meetings were held at short notice to consider Board composition, Non-executive Director recruitment and the appointment of independent Non-executive Directors to the UK Regulated Entities. All members were able to attend the additional meetings.
- Angela Crawford-Ingle attended all meetings upon joining the Committee on 16 March 2020.
- Mark Hemsley attended all meetings upon joining the Committee on 16 March 2020.
- Lorraine Trainer stepped down as a member of the Committee with effect from 13 May 2020.

## How the Committee spent its time during the year in scheduled meetings



### More online

The Committee's terms of reference are available on the Company's website:  
[tpicap.com/investors](http://tpicap.com/investors)

### 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 evaluation 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.

The Committee recognises that Angela Knight has served on the Board for more than nine years, but is confident that she remained independent in character and judgement during the year. Angela and Roger Perkin will step down from the Board from the conclusion of the 2021 Annual General Meeting and will be succeeded by Michael Heaney and Angela Crawford-Ingle as Senior Independent Director and Audit Committee Chair, respectively.

In addition to Board succession planning, the Committee also considered executive and senior management succession planning. Details of the senior management talent pools were presented to the Committee during the year and it is pleasing to report that there was an increase in female senior managers during the year. More details can be found on page 53.

#### Diversity

Diversity of the membership of the Board, UK Regulated Entities and wider workforce is regularly considered by the Committee to ensure progress against the diversity targets set out in the Parker Review, Hampton-Alexander guidelines and the Women in Finance Charter. 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.

I am pleased to report that at the date of this report we have met the requirements of the Parker Review and Hampton-Alexander guidelines and that three of the four most recent Board appointments were women. When Angela Knight and Roger Perkin step down from the Board in May 2021 the composition of the Board will reduce to 30% female representation. The Board is committed to continuing to comply with Hampton-Alexander and therefore intends to begin the search for a female Non-executive Director with a view to the Board once again comprising at least 33% women by the end of 2021 and going forward.

Additionally, we are proud to have exceeded our Women in Finance targets to achieve 25% senior women in the business by the year 2025: as of September 2020 female representation in senior management was 31%. Further details of our diversity and inclusion commitments can be found on our website at [www.tpicap.com](http://www.tpicap.com) and on pages 52 and 53 of this report.

#### Induction

The induction process for all newly appointed Directors includes 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 and senior management, including the Group Company Secretary. Company constitutional, compliance and governance documentation, as well as information relating to the Group and governance 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.

Having appointed four Directors to the Board during the year, the Group Company Secretary and Chair have been working with those individuals to ensure they are brought up to speed on the activities of the business as quickly as possible, recognising the challenges presented over the last year because of restrictions of movement during the COVID-19 pandemic.

## Governance

During 2020 the governance framework for the Group as set out in the Group Governance Manual ('Manual') was further developed with key changes made to the Executive Committee structure. The Committee continued to monitor the organisation's evolving governance framework which needed to be reflected in the Manual, particularly in light of the Jersey redomiciliation. Subject matter experts were consulted in support of this review and ensured the governance structure post-redomiciliation is in line with regulatory requirements. Details of the governance framework can be found on page 69.

Additional areas of focus for the Committee have included an internal assessment of the Company's compliance with the changes to the UK Corporate Governance Code, a review of the UK Regulated Entity governance framework, the composition, skills and experience of the UK Regulated Entity boards and oversight of the setup of the Strategic Execution Committee. In addition the Committee has conducted a review of the effectiveness and independence of the Non-executive Directors who have completed their first three-year term.

### The regulated entities' governance

During 2020 the Committee made recommendations on the appointments of independent Non-executive Directors to the Group's UK regulated entity boards. As part of its consideration, the Committee takes into account the balance of independence, skills, experience and diversity on the boards. In relation to the latter, the Committee is committed to ensuring there is appropriate female representation on the UK regulated entity boards.

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 met with the shortlisted candidates.

### Stakeholder engagement

The Committee has considered engagement with a number of key stakeholders during the year, including discussions of key topics raised by shareholders and monitoring progress of the Workforce Engagement Programme including output actions. The effectiveness of the Board's stakeholder engagement was also considered as part of the Board's most recent evaluation.

### Other areas of the Committee's focus

#### Social and environmental matters

The 2020 review of the Charitable Giving and CSR Policies. Discussions on the Group's Corporate Social Responsibility Strategy, Climate Change and Environmental Sustainability for 2021 were undertaken by the Committee with the Board members present.

#### Conduct

The Group's Code of Conduct, underlining expectations of high ethical standards and integrity in all aspects of the Group's operations and business, was an area of discussion and review by the Committee prior to its revision and approval in March 2021. The meeting also discussed how this would be embedded and upheld throughout the Group.

#### Board performance

During 2020 the Committee oversaw the Board evaluation process, including discussion on the process and timings for the internally facilitated Board evaluation to be completed at the end of 2020. Further details on the Board evaluation process can be found on pages 79 and 80.

## Director independence, conflicts and related person transactions

Director independence was assessed as part of the formal review of the Non-executive Directors who had completed their initial three-year term during the year.

The Board's reported potential conflicts and relevant situations were reviewed at every Committee meeting. Related party transactions were considered as situations arose. Further details on Director independence can be found on page 76.

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 external review of effectiveness conducted in January 2020, the Committee has progressed areas identified for improvement. During the year the Committee made real progress on Board refreshment, with four Non-executive Directors appointed in the last 12 months. The Committee also monitored succession planning and diversity of the senior management talent pools. The Committee was pleased to see major progress with regard to diversity with a significant year-on-year increase of female senior managers within the organisation.

An internal review of the Committee's effectiveness was conducted in December 2020 to January 2021 which determined that the Committee was operating well in most areas. Specific developments and actions to be taken by the Committee during 2021 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 80 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.

All Non-executive Directors have submitted themselves for election at the 2021 AGM with the exception of Angela Knight and Roger Perkin. The Committee is pleased to recommend all Directors putting themselves forward for election.

Following completion of a three-year term, the Committee carried out a formal review of Edmund Ng and Michael Heaney's appointments and it was determined that they both continued to contribute effectively and demonstrate commitment to their roles as Non-executive Directors and were recommended for a second three-year term by the Committee. The biographies of the Directors standing for election can be found on pages 66 to 67 with further detail accompanying the Notice of the AGM and also on the Company's website: [www.tpicap.com](http://www.tpicap.com).

### Richard Berliand Chair

**Nominations & Governance Committee**  
9 March 2021

# Report of the Audit Committee

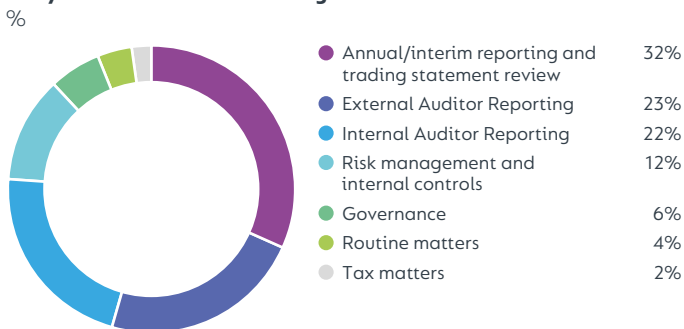
**Roger Perkin**  
Chair, Audit Committee



| Committee members                  | Meetings attended |
|------------------------------------|-------------------|
| Roger Perkin                       | 5/5               |
| Angela Knight                      | 5/5               |
| Lorraine Trainer <sup>1</sup>      | 1/1               |
| Angela Crawford-Ingle <sup>2</sup> | 4/4               |

- 1 Lorraine Trainer attended all meetings prior to stepping down from the Committee on 13 May 2020.
- 2 Angela Crawford-Ingle attended all meetings upon joining the Committee on 16 March 2020.

## How the Committee spent its time during the year in scheduled meetings



## Dear fellow shareholder,

I am pleased to present the Committee report for the year ending 31 December 2020 which sets out how the Committee has discharged its responsibilities during the year and explains how the Committee ensured the integrity of financial reporting. The report also highlights the Committee's assessment of significant financial reporting judgements in connection with the 2020 financial statements, and the conclusions reached. A summary of the Committee's responsibilities is set out below.

All Committee members are independent Non-executive Directors with experience in the financial services sector and both myself and Angela Crawford-Ingle, as qualified accountants, fulfil the UK Corporate Governance Code (the 'Code') requirement of having recent and relevant financial experience. As Committee Chair Designate, Angela will be appointed Chair of the Committee upon my retirement from the Board at the conclusion of the 2021 AGM. We also welcomed Kath Cates as a member of the Committee effective from her appointment to the Board on 1 February 2021. The Committee believes that it has complied with the Audit Committee composition requirements in the Code.

## 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;
- > considering whether the financial statements taken as a whole, is fair, balanced and understandable;
- > monitoring compliance with accounting standards;
- > 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;
- > reviewing whistleblowing arrangements;

### 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.



## More online

The Committee's terms of reference are available on the Company's website:

[tpicap.com/investors](http://tpicap.com/investors)



Following the Committee's review of the 2020 Annual Report, the Committee made a recommendation to the Board that, taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The 'fair, balanced and understandable' recommendation to the Board, is explained on page 86.

I provide regular reports to the Board on the activities of the Committee and how we have discharged our duties. To ensure I have a full understanding of the challenges facing the Group I communicate regularly with the risk and finance functions, as well as with external and internal audit, both in the UK and our principal overseas locations.

### 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. The Committee also reviewed the integrity of the Consolidated Financial Statements included in the Prospectuses published on 7 January 2021.

### Significant financial reporting judgements in 2020

We considered a number of judgements in connection with the 2020 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  |
|--|-----------|---|--|
| Impairment of goodwill and other intangibles                                       | 13        | <ul style="list-style-type: none"> <li>&gt; Reviewed the basis on which goodwill was allocated to CGUs and discussed management's annual impairment assessment.</li> <li>&gt; Considered the basis for determining the recoverable amount of each CGU.</li> <li>&gt; Challenged the methodology and valuation assumptions used.</li> <li>&gt; Considered whether the information provided to the Group's external valuation specialists was complete and accurate.</li> <li>&gt; Reviewed the carrying amounts of other intangible assets and</li> <li>&gt; discussed management's annual review of impairment triggers.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; The Committee is satisfied with the process undertaken, that an impairment charge of £21m is required in the year to the Asia Pacific CGU and that the disclosures are appropriate.</li> </ul> |
| The Group's assessment and disclosure of legal cases and regulatory investigations | 26 and 35 | <ul style="list-style-type: none"> <li>&gt; Reviewed the cases identified and discussed management's provisioning and disclosure assessment.</li> <li>&gt; Considered the basis for determining provisions in respect of cases.</li> <li>&gt; Considered whether the information disclosed was consistent with the information maintained by the Group Legal Counsel and the Group's external legal advisors.</li> <li>&gt; Reviewed the procedures performed by the external auditor, including their inquiries performed of the Group's external legal advisors.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; The Committee is satisfied with the process undertaken and that the provisions and contingent liability disclosures are appropriate.</li> </ul>  |

Continued over the page.

## Report of the Audit Committee

continued

| Judgement  | Note                        | Action the Committee took   | Conclusions   |
|--|-----------------------------|---|---|
| The use, presentation and explanation of Alternative Performance Measures used by management to explain the Group's performance. | Financial Review and Note 4 | <ul style="list-style-type: none"> <li>&gt; Challenged management on the rationale for each Alternative Performance Measure used to describe the Group's performance and the justification for separate presentation of significant items from the Group's adjusted results.</li> <li>&gt; Reviewed the adequacy of the disclosure of Alternative Performance Measures used to review Executive performance.</li> <li>&gt; Challenged and reviewed the adequacy of managements disclosure and description of significant items to ensure sufficient clarity and justification provided in the Annual Report.</li> <li>&gt; Reviewed the Annual Report to ensure that undue prominence was not given to Alternative Performance Measures in line with guidance from the European Securities and Markets Authority.</li> <li>&gt; Reviewed the adequacy and completeness of reconciliations of Alternative Performance Measures to the nearest equivalent Reported measure</li> <li>&gt; Sought the view of the external auditor and reviewed its procedures as set out in its report.</li> </ul> | > The Committee is satisfied that the definition and presentation, reconciliation and explanations of APMs were appropriate and that the disclosure relating to adjusted performance and significant items are appropriate. |

Other items that were less significant but were discussed included: the application of IAS 19 as regards holiday pay accruals at interim reporting dates; the application of IFRS9 Expected Credit Losses; the Group's reporting of its acquisitions and related remeasurement of outstanding consideration as disclosed in Note 32.

### Fair, balanced and understandable

Before the 2020 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 2020, the Committee:

- > reviewed the work and reports of internal audit;
- > reviewed how internal audit findings had been implemented;
- > monitored progress against the internal audit plan during 2020; and
- > approved the 2021 Annual Audit Plan.

During 2020, the internal audit function has continued to build out the in-house team, including implementing revised methodologies and hiring of staff. During the year Mark Pointer was appointed as Chief Internal Auditor as part of our succession planning. We also appointed a new co-source provider, EY, to provide specialist skills to supplement the in-house team. The Committee considered the resourcing and skills of internal audit and is satisfied that it has appropriate resources and remains independent. At the beginning of 2021 we appointed PwC to complete an external assessment of the internal audit function, with the results of the review to be presented to the Committee in early 2021.

**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 2020 effectiveness review of both the external auditor and the 2020 audit, the Committee considered:

- > the quality of Deloitte’s 2020 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 2020 external audit had been effective.

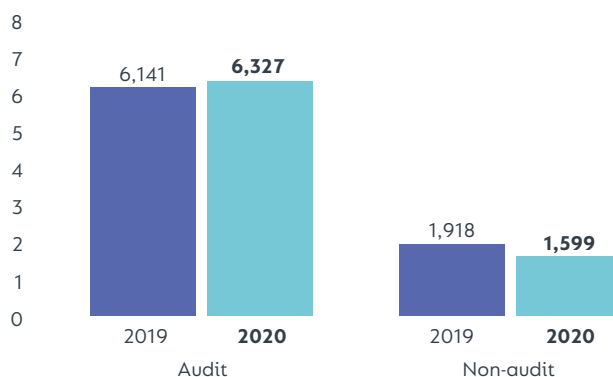
**Independence and non-audit services**

When considering the 2020 Annual Report, the Committee reviewed the objectivity and independence of the external auditor. We also considered the professional and regulatory guidance on auditor independence and Deloitte’s policies and procedures for managing independence.

The non-audit services policy was updated during the year and reviewed by the Audit Committee to ensure the requirements of the Financial Reporting Council’s Revised Ethical Standard (2019) were fully covered by the policy. 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.

The Committee reviewed the level of fees paid to the external auditor for the various non-audit services provided during 2020. During the period under review the non-audit services performed by the external auditor amounted to £1,599m, 25% compared to the £6,327m 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 acquisition of Liquidnet and incorporation of a new Jersey-domiciled Group holding company. These services are typically performed by the external auditor. There were no advisory or consulting services provided by the external auditor to the Group.



**More information can be found on page 145 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, Fiona Walker replaced Alan Chaudhuri as lead audit partner for the year ended 31 December 2020.

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 four-year term for the 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 2020.

## Report of the Audit Committee

continued

### Risk management and internal control

The Board is responsible for:

- > setting the Group's risk appetite;
- > ensuring the Group has an appropriate and effective Enterprise Risk Management Framework ('ERMF'); and
- > monitoring the ongoing process for identifying, evaluating, managing and reporting the significant risks faced by the Group.

The ERMF and principal risks are described in the Risk Management section of the Strategic Report on pages 44 to 49.

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 2020, 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 89 to 91.

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'.

### Whistleblowing

The Committee oversees the operation and effectiveness of TP ICAP's whistleblowing systems and controls. During the year the Committee reviewed whistleblowing reports and metrics and considered the effectiveness of the whistleblowing arrangements in place. Employees and individuals outside of TP ICAP are able to raise their concerns anonymously using an independent reporting facility managed by a third party. This mechanism is combined with a number of 'Speak Up' initiatives to raise employees' awareness of the Whistleblowing Policy and procedures. As Whistleblowing Champion, I oversee the integrity, independence and effectiveness of the whistleblowing arrangements. Angela Crawford-Ingle will take over as Whistleblowing Champion from the conclusion of the 2021 Annual General Meeting.

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

### Committee effectiveness

An internal review of the Committee's effectiveness was conducted in December 2020 to January 2021 which determined that the Committee was operating well in most areas. Specific developments and actions to be taken by the Committee during 2021 will be considered at a future meeting. During the year the Committee also conducted a review of its Terms of Reference.

### Roger Perkin

Chair

Audit Committee

9 March 2021

# Report of the Risk Committee

**Michael Heaney**  
Interim Chair, Risk Committee

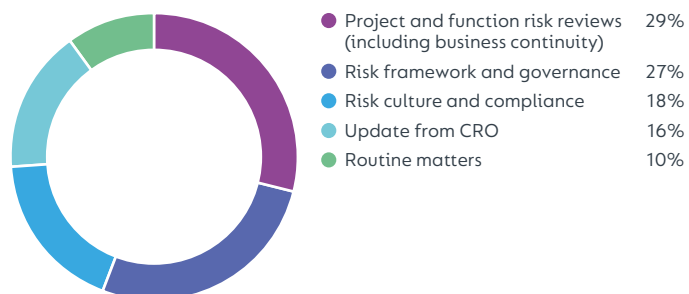


| Committee members                  | Meetings attended |
|------------------------------------|-------------------|
| Michael Heaney                     | 4/4               |
| Angela Crawford-Ingle <sup>1</sup> | 3/3               |
| Mark Hemsley <sup>1</sup>          | 3/3               |
| Angela Knight                      | 4/4               |
| Edmund Ng                          | 4/4               |
| Roger Perkin                       | 4/4               |

<sup>1</sup> Angela Crawford-Ingle and Mark Hemsley attended all meetings upon being appointed to the Committee on 16 March 2020.

## How the Committee spent its time during the year in scheduled meetings

%



## Dear fellow shareholder,

On behalf of the Board, I am pleased to present the Report of the Risk Committee explaining how the Committee discharged its risk oversight responsibilities during 2020.

The Committee's principal focus throughout the year was on the Group's response to the wide-ranging and rapidly evolving challenges posed by the global pandemic, including the steps taken to ensure the Group's operational and financial resilience during this period.

However, the Committee also continued to discharge its broader risk oversight responsibilities by monitoring the Group's enterprise-wide risk profile across all material risk types, with a particular focus on the other key risks facing the Group, such as Brexit and cyber risk.

In addition, the Committee oversaw the completion of the project to embed the Group's new Enterprise Risk Management Framework ("ERMF") across the Group which has resulted in a significant enhancement to the Group's risk management capability.

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;
- > overseeing the implementation and annual monitoring of the ERMF, including the adoption and implementation of risk tolerances and minimum risk management standards;
- > ensuring the Group has an appropriate and effective risk management and internal control framework;
- > reviewing the control environment and tracking any remedial actions;
- > considering the risks arising from any strategic initiatives and advising the Board accordingly;
- > 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;
- > identifying and considering future and emerging risks, regulatory developments and relevant mitigants;
- > providing input to the Remuneration Committee on the alignment of remuneration to risk performance;
- > reviewing resourcing within the Three Lines of Defence;
- > overseeing the independence and effectiveness of the Risk and Compliance functions; and
- > reviewing the appointment or dismissal of the Group Chief Risk Officer ("CRO") and Group General Counsel.



### More online

The Committee's terms of reference are available on the Company's website:

[tpicap.com/investors](https://tpicap.com/investors)

## Key matters considered by the Committee in 2020

| Topic                                     | Matters considered and actions taken by the Committee  |
|---|--|
| <b>Broking process</b>                    | <ul style="list-style-type: none"> <li>&gt; Oversight of the key risks arising from the Group's broking and post-trade activity, including through the review of the Risk Profile Report presented by the CRO.</li> <li>&gt; This included reviewing material risk events and ensuring remedial action was adopted where required, and monitoring the status of systems and controls adopted in relation to pre- and post-trade transparency reporting.</li> </ul>   |
| <b>Infrastructure</b>                     | <ul style="list-style-type: none"> <li>&gt; Updates on key aspects of the Group's technology and other infrastructure, including presentations by the Group Chief Operating Officer ('COO') and Chief Controls Officer. This included oversight of the contingency arrangements implemented to ensure continuity of operations during the pandemic, including the infrastructure support required to deliver a Group-wide working-from-home capability which is compliant with regulatory obligations.</li> <li>&gt; The Committee also continued to monitor the status of the ongoing programmes to enhance the Group's operational resilience and ensure that it can meet its targeted recovery time objectives across all areas of the business.</li> </ul>   |
| <b>Cyber security and data protection</b> | <ul style="list-style-type: none"> <li>&gt; The status of the Group's cyber security capability, including updates provided by the COO, and continuing to monitor the Group's ongoing activity to enhance cyber resilience against the ever evolving cyber threat landscape.</li> </ul>  |
| <b>Human capital</b>                      | <ul style="list-style-type: none"> <li>&gt; The Group's resourcing profile and the steps taken to address key person dependencies. This included consideration of the potential implications of the new UK prudential regime for investment firms (IFPR) as it relates to compensation structures (due to come into force in January 2022), and monitoring the status of succession planning for key senior management positions, particularly in light of a number of senior departures during the year.</li> </ul>   |
| <b>Financial risk</b>                     | <ul style="list-style-type: none"> <li>&gt; The Group's financial risk exposure, including its FX profile, credit risk exposure and liquidity demand. This included a deep-dive review into the Group's margin call profile at the start of the pandemic to ensure that this could be managed within risk appetite (particularly in light of heightened market volatility), and overseeing the completion of a number of projects to migrate clearing arrangements to new third-party providers and reduce the Group's liquidity demand profile.</li> <li>&gt; The Committee also considered the potential impact of both the pandemic and a hard Brexit on the Group's FX exposure and the status of mitigating actions to address this.</li> </ul>   |
| <b>Capital and liquidity adequacy</b>     | <ul style="list-style-type: none"> <li>&gt; Ongoing monitoring of the Group's capital and liquidity position. As part of this activity, the Committee reviewed the annual Group Review of Capital and Liquidity Adequacy, which assesses the Group's prudential position at consolidated Group level. This included reviewing and challenging the stress tests undertaken to calculate the capital and liquidity requirements in stressed conditions.</li> <li>&gt; In addition, the Committee 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.</li> <li>&gt; Finally, the Committee commissioned an additional out-of-cycle reverse stress test at the start of the pandemic to further investigate the Group's financial resilience in very extreme conditions and confirm the specific management actions that could be taken to protect the Group's financial position if required.</li> </ul> |
| <b>Legal and compliance</b>               | <ul style="list-style-type: none"> <li>&gt; The Committee received updates at each meeting from the Group General Counsel and Head of Compliance on key legal and compliance issues. This included overseeing the Group's response to a range of regulatory issues across the business and to material changes to the regulatory framework in which the Group operates.</li> <li>&gt; The Committee also monitored the progress of material litigation brought by or against the Group.</li> </ul>   |
| <b>Brexit</b>                             | <ul style="list-style-type: none"> <li>&gt; Monitoring the risks associated with Brexit and the status of the Group's contingency plans to maintain UK-EU liquidity in the event that the UK and EU failed to reach agreement on equivalence.</li> </ul>   |
| <b>Legal entity reorganisation</b>        | <ul style="list-style-type: none"> <li>&gt; Monitoring the Group's ongoing programmes to relocate its Parent Company to Jersey (in Q1 2021) and rationalise its legal entity structure, to ensure any programme risks were being managed effectively.</li> </ul>   |
| <b>Capital structure</b>                  | <ul style="list-style-type: none"> <li>&gt; The Committee undertook a number of reviews of the Group's capital structure in preparation for the planned redomiciliation of TP ICAP plc to Jersey and the anticipated acquisition of Liquidnet in Q1 2021, and in light of the expected introduction of the IFPR in January 2022 (noting that the details of this regime are still to be confirmed).</li> </ul>   |
| <b>Liquidnet</b>                          | <ul style="list-style-type: none"> <li>&gt; The Committee monitored the status of the Liquidnet transaction and conducted a deep-dive into the potential commercial risks associated with the transaction.</li> </ul>  |
| <b>Risk framework</b>                     | <ul style="list-style-type: none"> <li>&gt; Monitoring the operation of the Group's new ERMF with the objective of ensuring that this was consistently embedded across all areas of the Group (both organisationally and geographically). This included receiving independent third-party reports on the status of the ERMF operation and a presentation on the new GRC system that underpins the ERMF.</li> </ul>   |

**Review of Committee effectiveness**

An external review of the Committee's effectiveness was completed in January 2021 which determined that the Committee was operating effectively in most areas. Specific developments and actions to be taken by the Committee during 2021 will be considered at a future meeting. During the year the Committee also conducted a review of its Terms of Reference.

**Key priorities for 2021**

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 ongoing oversight of the Group's response to the global pandemic and ensuring that the Group incorporates the lessons learned during 2020 to further enhance the robustness and efficiency of its business continuity arrangements. The Committee will also closely monitor the Group's business performance to ensure that prompt management action can be taken, if required, to preserve the Group's financial position.

In addition, the Committee will continue to monitor the Group's ongoing response to Brexit to ensure that appropriate action is taken to protect the Group's business in the context of the evolving political and regulatory situation. The Committee will also be paying close attention to the status of the Liquidnet integration programme which will include ensuring that the acquired business is appropriately incorporated within the Group's Enterprise Risk Management Framework.

This monitoring will be informed by deep-dive reviews into specific areas of the business, with a number of such reviews planned for 2021 covering a range of business areas and risk types.

The Committee will also continue to monitor the key emerging risks to which the Group is exposed. This includes the potential impact of any changes to US policy implemented by the new administration, including in relation to financial regulation and taxation, as well the potential changes to the EU regulatory regime arising from the ongoing review of MiFID II.

The Committee will also continue to track the emerging risks for the Group's business associated with climate change, including the risks arising from climate change itself and from the transition to a zero carbon economy, and will also monitor regulatory developments in this area to ensure the Group continues to meet regulatory expectations as regards effective risk management.

Finally, the Committee will 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.

**Michael Heaney**  
**Interim Chair**  
**Risk Committee**  
9 March 2021

# Report of the Remuneration Committee

## Angela Knight

Interim Chair, Remuneration Committee

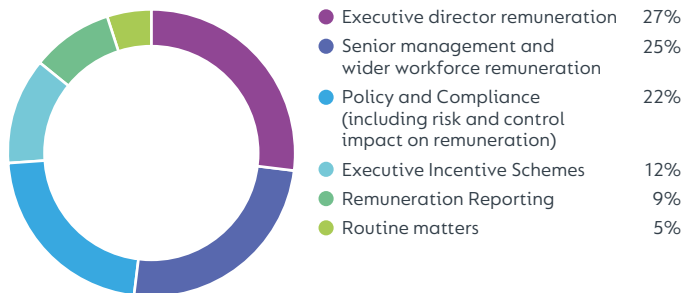


| Committee members             | Meetings attended <sup>1</sup> |
|-------------------------------|--------------------------------|
| Angela Knight                 | 7/7                            |
| Edmund Ng                     | 7/7                            |
| Michael Heaney                | 7/7                            |
| Lorraine Trainer <sup>2</sup> | 3/3                            |

- 1 In addition to the seven scheduled meetings, two further meetings were held at short notice to discuss employee share plans and executive remuneration. All members were able to attend the additional meetings.
- 2 Lorraine Trainer stepped down as a member of the Committee on 13 May 2020.

## How the Committee spent its time during the year in scheduled meetings

%



## Dear fellow shareholder,

As interim Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report on behalf of the Board. I would first like to pay tribute to the work of Lorraine Trainer the previous Chair of the Committee who stood down from the Board at the 2020 AGM for personal reasons, as well as welcoming Tracy Clarke who, following the 2021 AGM, will be taking over as the new Chair of the Remuneration Committee.

## Introduction

Briefly, looking back at the 2020 AGM, the Annual Report on Remuneration was overwhelmingly supported by 98% of our shareholders, following on from a similar support of 96% for our Remuneration Policy. 2020 then rapidly became a year that none had expected. I think it is therefore important to state at the start of this letter that the Committee recognises the enormous challenges posed by COVID-19 and the immense impact that it has had on our employees and all our stakeholders. Most of these challenges are still with us in 2021 and all the uncertainties remain.

In this report we have set out the key decisions taken by the Committee on remuneration, alongside the rationale for why these were most appropriate for TP ICAP. Where judgements needed to be made, in addition to performance against targets, we have taken into consideration the experience of all our stakeholders and the performance of the business in important areas such as ESG, where metrics are currently still being developed. The Committee has been mindful that the Executive Director's pay should appropriately reflect the Company's actual performance and is aligned with the experience of our employees and the wider context in which the Company operates.

## Business and stakeholder context in 2020

In this challenging year, it is very clear that the Company as a whole has delivered a robust performance and at the same time has supported our various stakeholders.

For the greater part of the pandemic, our staff have worked from home and we have only brought them back to the office when lockdown rules allowed and we could properly protect them. From a business, regulatory and staff perspective, the Committee has not underestimated the complexity and cost of operating a global broking company safely in this way and returning our staff to the office is our preferred business model.

Throughout this period, TP ICAP also took the decisions to:

- > make no redundancies as a result of COVID-19;
- > make no salary reductions for our general workforce;
- > make no dividend reductions as a result of COVID-19; and
- > not apply for any government support packages except a de-minimis amount in Hong Kong, which we are returning.

Suppliers have continued to be paid promptly, more services and products have been provided to our customers at competitive prices and investment in the business has continued.



## More online

The Committee's terms of reference are available on the Company's website:

[tpicap.com/investors](https://tpicap.com/investors)



Whilst these decisions impacted our operations and financial performance, the Group still delivered a robust financial performance, demonstrating our strong operational capability and the growing success of our diversification strategy against the difficult macroeconomic backdrop. This resulted in a revenue of £1,794m in 2020, being a marginal decline of 2% on a reported basis and 1% at constant currency basis.

The Board declared and paid an interim dividend per share in November 2020 and is recommending a final dividend to be paid in May 2021. Overall this represents a one-off 50% reduction year-on-year and this decision was taken following the views and comments expressed to us by shareholders regarding investment in the strategic priorities of the business and particularly the game changing acquisition of Liquidnet. To be clear, the dividend reduction was not related to the pandemic. Importantly, 98% of the rights issue linked to the acquisition of Liquidnet was taken up by our shareholders, demonstrating their strong support for this strategic priority. Similarly strong support was also achieved for the redomiciliation of TP ICAP to Jersey, which will allow the Company more flexibility in using its capital to develop and grow the business.

Liquidnet is an integral part of the strategy of focusing the Company on its three key strategic pillars of electronification, aggregation and diversification, which in turn is to underpin long-term growth and sustainability in a fast changing market, with accompanying benefits to shareholders. The details were set out at our Capital Markets Day presentations in December.

Work is now underway to develop clear targets for the purpose of ensuring the full realisation of the benefits of these strategic steps and again, with particular emphasis on the Liquidnet acquisition.

### Remuneration outcomes for 2020

The Committee set the bonus targets for 2020 early in the year, before the global impact of the COVID-19 pandemic was understood fully. The Committee has taken the decision that one-off unforeseen costs incurred in order to preserve the Group's business operations and preserve the investment in strategy would be added back to the adjusted operating profit of £272m.

During the year the business made a one-off £8m investment in technology to support all of our employees to be able to work from home going forward. This, combined with the cost incurred replanning the Group's strategy to assist in the re-prioritisation and re-phasing of the Group's resources, resulted in a revised £283m adjusted operating profit for executive remuneration calculation purposes.

For the executive team this has resulted in 2020 bonus outcomes for the Executive Directors that are reduced by c.18% compared with 2019. This is comparable to bonus reductions across the cohort of senior executives within the business. Further detail on incentive outcomes, including performance against individual and firm-wide strategic objectives can be found on pages 100 to 102.

Given the strong execution of these transformational strategic steps, and the experience of the key stakeholders of our shareholders, employees and customers, the Committee determined that this outcome was a fair and true reflection of performance in the year.

Meanwhile, in respect of the LTIP, no Long Term Incentives had performance periods ending in 2020.

### Potential windfall gains

The share price performance over the last year has been volatile, partly driven by the changing demands of the TP ICAP customers and to a lesser extent by the overall market volatility as a result of COVID-19. The 2020 LTIP award was granted on 30 March 2020, based on the share price at the time and in line with our normal approach.

As highlighted in the announcement at the time, the Committee has full discretion to ensure that the final outcomes are warranted based on the performance of the Company in light of all relevant factors and that there have not been any windfall gains, and the Committee will conduct this review at the point of vesting.

### Remuneration packages and our peer group

#### Salary

The Committee reviewed the base salaries of the Executive Directors, to ensure that they reflect the scope of individual responsibilities and are sufficiently competitive for TP ICAP to be able to attract and retain high calibre employees.

TP ICAP operates in a very specific market, which in turn presents challenges when benchmarking the appropriate levels of remuneration for the executive team and many of its employees. TP ICAP is the largest – as measured by revenue – of the three global broking firms, with no other directly comparable UK competitors of any size.

The remuneration paid to the senior executives in our global competitors is substantially greater than in TP ICAP and this differential was flagged in the 2019 Remuneration Report. The Committee is aware and understands that there are different remuneration regimes and expectations in different geographies, but nevertheless we are presented with a unique situation as the only global company in our sector that is headquartered in the UK and very real difficulties, when it comes to determining an appropriate peer group.

In undertaking this review, the Committee has considered the remuneration as benchmarked against both our international peers where we compete for talent, as well as with other UK FTSE listed companies. As part of this review, the Committee found that in practice, our market for senior executive talent seldom comes from other UK quoted companies and confirmed that our key international peers, operating under their different regulatory regimes, have different payment models, such as significantly less requirements for deferral.

Considering this market data in accordance with our Policy, the salary review clearly demonstrated to the Committee that the current remuneration was not at a level commensurate with the essential goal of attracting and retaining first class international employees in the Group. This concern has been highlighted by the incoming Committee Chair as a priority, ahead of the new remuneration policy.

The Committee has sought to strike an appropriate balance between recognising FTSE company pay models, whilst ensuring executives are appropriately retained and motivated, when compared to our international peers.

With the Company moving through an extensive and essential transformation, led by the CEO, the need to ensure stability of leadership at this time is paramount. As an interim step ahead of the new policy, the Committee has therefore determined that an increase to the salary of the CEO of 9.7% will be made from 1 April 2021, after the completion of the Liquidnet acquisition.

## Report of the Remuneration Committee

continued

In coming to this decision, the Committee has taken into account the c.14% increase in size of the Group following the purchase of Liquidnet which in turn will result in greater and additional responsibilities for the CEO, as well as the ongoing challenges of COVID-19. Taken in the round, and given the scale of misalignment with our key peers, the Committee believes that this increase is appropriate.

### Bonus and LTIP

When engaging with shareholders during the acquisition of Liquidnet there was a clear request to understand how the acquisition would impact Executive Director Remuneration. Shareholders were understandably keen to ensure that our Executives were aligned to the success of this deal both in terms of the integration of Liquidnet and in developing its potential to transform the wider TP ICAP Group. The Committee was required to bring a new Directors' Remuneration Policy to shareholders at the 2022 AGM; however, given the transformational impact of this acquisition we have decided to bring this Policy review forward. The Committee has decided not to award a 2021 LTIP and to commence consultations with shareholders over a new Remuneration Policy in the coming months with the intention of holding an Extraordinary General Meeting ('EGM') by the autumn to approve the new policy, including the grant of a 2021 long-term incentive. Given the acquisition will complete in the early part of the year, when we would normally be setting measures and targets for the coming award, this approach allows the Committee the time to fully reflect on what the most appropriate incentive will be and to ensure that our Executives are fully aligned to the success of this deal, and the wider TP ICAP strategy going forward.

Until the intended EGM, the bonus measures for 2021 will remain underlying operating profit and RoE and are unchanged from 2020.

### Engagement with stakeholders

The new strategy coupled with the acquisition of Liquidnet has resulted in significant engagement with shareholders, particularly in the last months of 2020. Although not specifically about remuneration, as noted above, shareholders have commented on the need to align Executive Director remuneration with the new strategy of the Company. Specific points raised will be included in the consultation on the new Remuneration Policy.

### Wider workforce consideration

The Committee has regular oversight of the wider employee population. Supporting our colleagues through this difficult period was, and continues to be, a clear priority from the outbreak of the pandemic. Our staff have met these challenges with aplomb showing exceptional resilience over the period, including adapting their working arrangements.

A very high proportion of our staff participated in our COVID-19 Response Survey following the first lockdown, which provided the Committee with invaluable insights as to how a new way of working could be established. This has helped to shape both our Agile Working policy and a Non-executive Director (NED) led workforce engagement programme as well as an Agile Working model which is being piloted in Singapore.

From a remuneration perspective, no colleagues were either furloughed or made redundant as a result of the pandemic. Salaries have been increased across the Group appropriately, including for support staff, who have also been eligible for and in a large majority of cases, awarded bonuses.

As highlighted in the Governance section, Town Hall and Open forum sessions have taken place with representatives of the Business and NED employee champions to ensure the employee voice continues to be heard.

### Diversity and inclusion

Off the back of the employee engagement survey in July 2020 the Committee have looked to evolve and develop diversity and inclusion at TP ICAP. This includes the establishing of a D&I governance structure and the introduction of dedicated Champions whose role includes supporting the D&I agenda alongside regional CEOs.

### Looking forward

As highlighted above, the Committee will commence consultations with shareholders over a new Remuneration Policy in the coming months with the intention of holding an EGM by the autumn to approve the new policy, including the grant of a 2021 long-term incentive. This consultation will include the implications of the Investment Firm Prudential Regime on our remuneration, both at Board level and below.

I mentioned earlier the importance of ESG and Diversity & Inclusion and the Committee has noted that good progress has been made in recruiting more senior women into the Company. This is a significant step that I am personally particularly pleased to see happen. Notably, in the energy and commodity business, some 40% of the trading undertaken is now in environmentally friendly products, green energy and transition fuels and during 2021 the Committee will be giving consideration on the introduction of more formal targets in these areas for the purpose of increasing focus and transparency.

In conclusion, this extraordinary year has resulted in the Committee exercising its judgement in a number of ways, to recognise not only the challenges of the year that the Company has had to face, but also the strategic and essential transformation programme underway.

As always, we look forward to a constructive engagement with shareholders, and your support of the Directors' Remuneration Report at the 2021 AGM.

**Angela Knight**  
Interim Chair  
Remuneration Committee  
9 March 2021

### Definitions used in this report

'Executive Director' means any executive member of the Board.

'Senior Management' means those members of the Company's Group Management 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) Regulations 2013, as amended by the 2018 and 2019 Regulations.

## Remuneration at a Glance

### Remuneration Policy Summary Table

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 has operated as intended. We set out below a summary of our remuneration policy, and a summary of how each element will be implemented in 2021. The full Executive Directors' Remuneration Policy, approved by shareholders in May 2019, can be viewed on the Company's website.

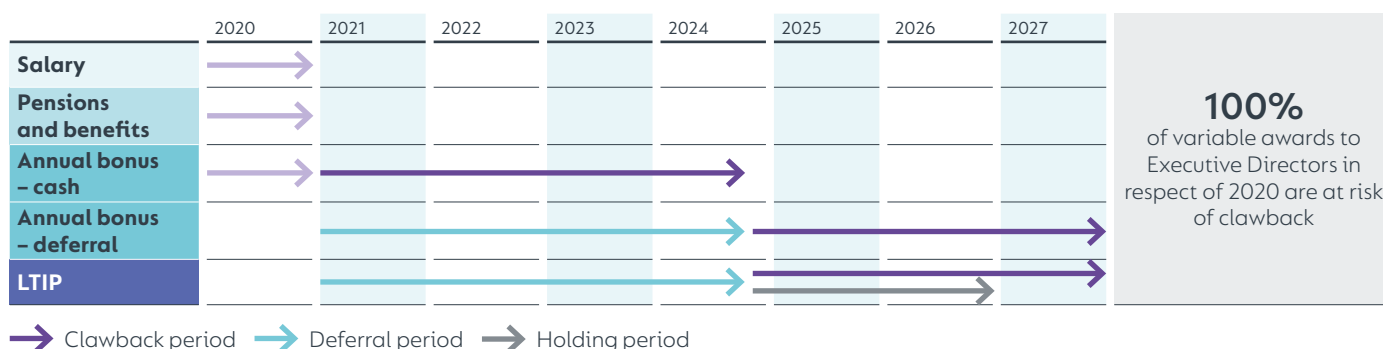
|                                  | Purpose and link to strategy   | Key features  | Implementation in 2021  |
|----------------------------------|--|---|---|
| <b>Salary</b>                    | Reflects the scope of individual responsibilities to attract and retain high calibre employees   | Reviewed periodically to ensure not significantly out of line with the market   | N Breteau £735,000 9.7% increase<br>R Stewart £438,000 1.2% increase<br>P Price £445,000 1.6% increase<br>(page 98)   |
| <b>Pension and benefits</b>      | 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. No cash allowance is provided where employees have reached either annual or lifetime allowance limits<br>Medical cover and participation in any schemes available to all UK employees                     | N Breteau and R Stewart received pension contributions of £3k and £6k respectively in 2020. Due to lifetime allowance limits, P Price did not receive any company pension contribution page 98. This equates to a contribution of 0.4%, 1.5% and 0% of salary respectively. |
| <b>Annual bonus</b>              | Incentivises delivery of TP ICAP's financial and strategic targets<br><br>Provides a direct link between the achievement of annual performance targets and reward. | Annual assessment of performance against strategic and financial objectives<br>On-target performance delivers:<br>> CEO: 125% salary<br>> Other EDs: 100% salary<br>Maximum performance delivers:<br>> CEO: 250% salary<br>> Other EDs: 200% salary<br>Mandatory 50% deferral into shares with a three-year deferral period<br>Malus and clawback apply | Performance measures and weightings:<br>> Adjusted Operating Profit 50%<br>> Return on Equity 20%<br>> Strategic Performance 30%<br>(pages 99 to 101)   |
| <b>Long-term incentive plan</b>  | 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<br>Subsequent two-year holding period (except for any sale to settle tax liability)<br>Maximum: 250% salary<br>Malus and clawback apply  | > As outlined on Page 94 the Committee intends to hold an EGM in autumn 2021 to approve a new policy, including the grant of a 2021 long-term incentive (subject to shareholder consultation)   |
| <b>Shareholding requirements</b> | Align Directors' interests with shareholders by focusing on longer-term shareholder returns, including after cessation of employment                               | Share ownership requirements:<br>> CEO: 300% salary<br>> Other EDs: 200% salary<br>5-year period to achieve the requirement<br>Post-employment: shares at a level equal to:<br>> the lesser of 2x base salary or the actual shareholding in year one, and<br>> the lesser of 1x base salary or the actual shareholding in year two                      | Shareholdings as at 31 December 2020:<br>> N Breteau 267,574<br>> R Stewart 133,337<br>> P Price 158,142<br>> (page 103)  |

## Alignment of Policy with the 2018 Code

To read about how the Committee addresses the factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture when determining the Executive Director Remuneration Policy, as set out in Provision 40 of the UK Corporate Governance Code, see page 83 of the 2019 Annual Report and Accounts.

### Performance/retention periods

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



Malus and Clawback provisions apply to the annual bonus and the LTIP. 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.

## Strategic rationale: the link between strategic objectives and incentive metrics

Our 2020 performance measures were chosen to ensure that our remuneration arrangements support the delivery of our corporate goals, including a direct assessment against our strategic objectives through the annual bonus performance measures (see pages 99 to 101). The Committee has decided not to award a 2021 LTIP and to commence consultations with shareholders over a new Remuneration Policy in the coming months with the intention of holding an EGM by the autumn to approve the new policy, including the grant of a 2021 long-term incentive. This enables the Committee to ensure that any performance measures best support the Company strategy following the Liquidnet transaction.

The table below sets out our Business KPIs, how they link to our strategic pillars (as set out on pages 21 and 22 of the annual report) and demonstrates how our in-flight incentive arrangements are aligned to these through our careful selection of performance measures.

| Overall TP ICAP goals   | Link to strategic objectives | Performance measure               | Bonus weighting | LTIP weighting |
|---|------------------------------|-----------------------------------|-----------------|----------------|
| <b>Financial KPIs</b>   |                              |                                   |                 |                |
| Revenue Growth  | ●●●                          | Adjusted Operating Profit         | 50% (UOP)       | 20% (NBG)      |
| Adjusted Operating Profit Margin  | ●●●                          | New Business Growth               |                 |                |
| Contribution  | ●●●●                         | Return on Equity (%)              | 20%             |                |
| Adjusted earnings per share   | ●●                           | EPS (Compound Annual Growth Rate) |                 | 30%            |
| Ratio of front office to support function employees                     | ●                            |                                   |                 |                |
| <b>Wider goals</b>  |                              |                                   |                 |                |
| Core aims to create long-term shareholder value across the market cycle |                              | Relative TSR                      |                 | 50%            |
| Core strategic objectives as set out on pages 99 to 101 for 2020        |                              | Strategic Performance             | 30%             |                |

### Strategic Objectives

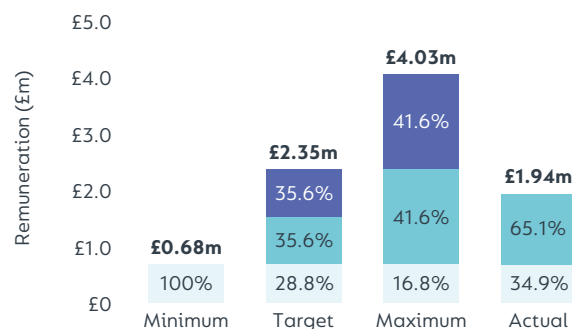
● Electronification and technology   
 ● Liquidity aggregation   
 ● Diversification   
 ● People, conduct and compliance

## Illustration of the application of the Remuneration Policy

The charts below show the potential total remuneration for each Executive Director for 2020 at minimum, target and maximum as well as the actual pay received. This shows the actual pay delivered was below target for each Executive Director.

### Illustration of the application of the Director's Remuneration Policy

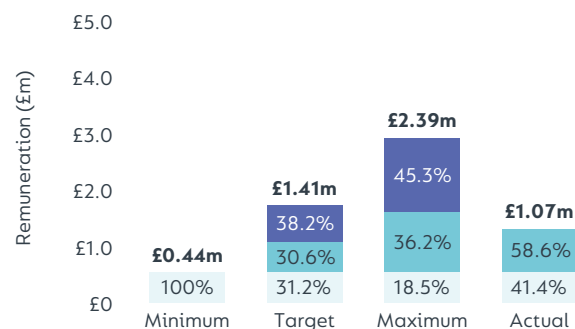
CEO



● Fixed pay ● Annual bonus ● Long-term incentives

### Illustration of the application of the Director's Remuneration Policy

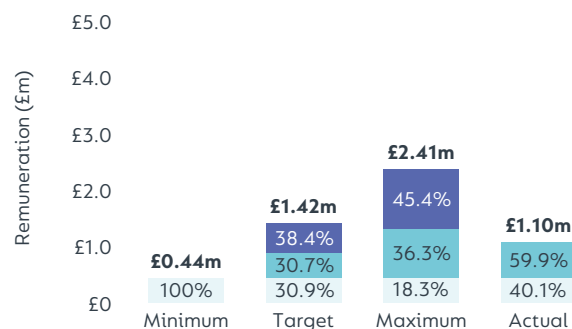
CFO



● Fixed pay ● Annual bonus ● Long-term incentives

### Illustration of the application of the Director's Remuneration Policy

GCC



● Fixed pay ● Annual bonus ● Long-term incentives

## Annual Report on Remuneration (audited)

The Annual Statement made by the Remuneration Committee Chair on pages 92 to 94 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report is audited, where stated.

The single total remuneration for the Executive Directors who held office during the year-ended 31 December 2020 was as follows:

| Executive Directors<br>(£000s) | Salaries   | Taxable benefits <sup>1</sup> | Pension  | Total fixed remuneration | Short-term incentives |            |              | Long-term incentives vested <sup>2</sup> | Total variable remuneration | Single total figure of remuneration |
|--------------------------------|------------|-------------------------------|----------|--------------------------|-----------------------|------------|--------------|--|-----------------------------|-------------------------------------|
|                                |            |                               |          |                          | Cash                  | Deferred   | Total        |  |                             |                                     |
| Nicolas Breteau                |            |                               |          |                          |                       |            |              |  |                             |                                     |
| <b>2020</b>                    | <b>670</b> | <b>3</b>                      | <b>3</b> | <b>676</b>               | <b>631</b>            | <b>631</b> | <b>1,261</b> | <b>-</b>                                 | <b>1,261</b>                | <b>1,937</b>                        |
| 2019                           | 650        | 3                             | 3        | 656                      | 764                   | 764        | 1,528        | -  | 1,528                       | 2,184                               |
| Robin Stewart                  |            |                               |          |                          |                       |            |              |  |                             |                                     |
| <b>2020</b>                    | <b>433</b> | <b>3</b>                      | <b>6</b> | <b>442</b>               | <b>313</b>            | <b>313</b> | <b>626</b>   | <b>-</b>                                 | <b>626</b>                  | <b>1,068</b>                        |
| 2019                           | 425        | 3                             | 9        | 437                      | 385                   | 385        | 769          | -  | 769                         | 1,206                               |
| Philip Price                   |            |                               |          |                          |                       |            |              |  |                             |                                     |
| <b>2020</b>                    | <b>438</b> | <b>3</b>                      | <b>-</b> | <b>441</b>               | <b>329</b>            | <b>329</b> | <b>659</b>   | <b>-</b>                                 | <b>659</b>                  | <b>1,100</b>                        |
| 2019                           | 425        | 3                             | -        | 428                      | 398                   | 398        | 795          | -  | 795                         | 1,223                               |

1 Taxable benefits represent private medical insurance.

2 No Long Term Incentives vested during 2020 as the Transformation LTIP granted in 2017 was forfeited upon grant of awards under the LTIP plan in 2019.

### Fixed remuneration (audited)

For 2021, the Executive Directors' base salaries have been reviewed and as set out in the Chair's letter on pages 92 to 94 the following increases applied:

| Executive       | Date of appointment | Base salary effective from 1 January 2020 | Base salary <sup>1</sup> |
|-----------------|---------------------|---|--------------------------|
| Nicolas Breteau | 10 July 2018        | £670,000                                  | <b>£735,000</b>          |
| Robin Stewart   | 10 July 2018        | £432,500                                  | <b>£438,000</b>          |
| Philip Price    | 3 September 2018    | £437,500                                  | <b>£445,000</b>          |

1 Base salary effective from 1 April 2021 for Nicolas Breteau and 1 January 2021 for Robin Stewart and Philip Price.

### 2020 annual bonus (audited)

For 2020, 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 2020 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 (50% of maximum) | Maximum performance target (100% of maximum) | Actual performance achieved | Weighted payout (% of maximum total bonus) |
|-------------------------------|-----------|---|--|--|-----------------------------|--|
| Adjusted Operating Profit     | 50%       | 260   | 280  | 300  | £283m                       | 34%  |
|                               |           | Actual (£m), 283  |  |  |                             |  |
| Return on Equity              | 20%       | 10%   | 11%  | 12%  | 11%                         | 13%  |
|                               |           | Actual, 11%   |  |  |                             |  |
| Strategic Performance         | 30%       | Strategic objectives, along with the corresponding performance assessment, are set out in the tables below. |  |  | 25%–28%                     | 25%–28%                                    |
| <b>Total bonus outcomes</b>   |           |   |  |  |                             | <b>72%–75%</b>                             |

Details of the 2020 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 <sup>1</sup> | Score      | Assessment of performance   |
|---|------------------------|------------|---|
| Demonstrate efficient stewardship of the COVID-19 crisis, focusing on stakeholders, liquidity, cost control and the medium-term Group strategy.                                     | 7%                     | 7%         | Demonstrated strong stewardship of the COVID-19 crisis, with no government support or need for staffing reductions. Liquidity has been well managed and excellent strategy progress has been made with the proposed acquisition of Liquidnet. |
| Develop long-term Capital and Liquidity strategy for the Company including redomiciliation and the review and development of capital adequacy models and capital allocation models. | 4%                     | 3%         | Strong progress during the year with completion of the redomiciliation expected in Q1 2021 and good progress on the liquidity and capital adequacy strategy models.   |
| Continue strategic development of the leadership team, with a focus on both organisational structure and the evaluation of performance.   | 3%                     | 2.5%       | Excellent progress with key strategic appointments operating effectively to deliver results.  |
| Develop and maintain constructive and positive relationships and dialogue with regulatory bodies.   | 3%                     | 3%         | Further progress has been made in relationships with regulators.  |
| Drive the delivery of the TP ICAP Risk Management Framework with focus in 2020 on embedding the programme.  | 4%                     | 4%         | Very strong delivery with exceptional results.  |
| Drive and continue to embed the right culture for TP ICAP with particular emphasis on ESG, Diversity and Inclusion and employee engagement.   | 4%                     | 3.5%       | Despite the COVID-19 crisis, significant progress has been made across all areas.   |
| Remuneration Committee discretion.  | 5%                     | 5%         | Nicolas has demonstrated exceptional performance on an individual level, whilst also leading the management team to deliver on the strategy in unprecedented circumstances.   |
| <b>Total for strategic metrics</b>  | <b>30%</b>             | <b>28%</b> |   |

<sup>1</sup> Expressed in percentage points summing to 30% in total, 30% being the proportion of the total bonus determined by reference to non-financial metrics. Weightings adjusted to take into account the introduction of a specific COVID response objective part-way through the year.

## Report of the Remuneration Committee

continued

### Robin Stewart

| CFO strategic objectives  | Weighting <sup>1</sup> | Score      | Assessment of performance   |
|---|------------------------|------------|---|
| Demonstrate efficient stewardship of the COVID-19 crisis, focusing on liquidity, costs and the medium-term Group strategy.                  | 7%                     | 7%         | Demonstrated strong stewardship of the COVID-19 crisis. Liquidity has been well managed and costs have been well controlled via a revised cost framework.   |
| Develop long-term Capital and Liquidity strategy for the Company, specifically capital adequacy models and capital allocation models.       | 5%                     | 3.5%       | Strong progress during the year with completion of the redomiciliation expected in Q1 2021 and good progress on the liquidity and capital adequacy strategy and models.   |
| Continue to strengthen the finance leadership team, with focus on both organisational structure, succession and evaluation of performance.  | 3%                     | 2%         | Noticeable progress has been made this year with key roles filled and upgraded.   |
| Strengthen the financial planning and cost control teams within the Finance function.   | 3%                     | 2%         | This objective is in progress and is on track for completion during 2021.   |
| Drive the Group budget process and management information outputs.  | 4%                     | 2.5%       | Work continues to improve processes.  |
| Drive and continue to embed the right culture for TP ICAP looking to improve diversity and inclusion as well as employee engagement scores. | 3%                     | 3%         | A strong contribution. Robin has acted as an advocate for the Group's values, actively participating in a number of initiatives.  |
| Remuneration Committee discretion.  | 5%                     | 5%         | Robin has demonstrated strong performance on an individual basis but has also worked as part of the management team to ensure that the strategy was delivered upon despite the complexity created by the COVID-19 crisis. |
| <b>Total for strategic metrics</b>  | <b>30%</b>             | <b>25%</b> |   |

<sup>1</sup> Expressed in percentage points summing to 30% in total, 30% being the proportion of the total bonus determined by reference to non-financial metrics. Weightings adjusted to take into account the introduction of a specific COVID response objective part-way through the year.



## Philip Price

| GGC strategic objectives   | Weighting <sup>1</sup> | Score      | Assessment of performance  |
|--|------------------------|------------|--|
| Demonstrate efficient stewardship of the COVID-19 crisis, focusing on stakeholders, liquidity, costs and the medium-term Group strategy.   | 6%                     | 6%         | Philip has been instrumental in developing our strategic roadmap during the COVID-19 crisis and has ensured the regulators were up to speed throughout.  |
| Develop long-term Capital and Liquidity strategy for the Group, with the key delivery of the redomiciliation strategy alongside the implementation of revised Governance structures and progress against the UK legal entity review. | 5%                     | 5%         | Exceptional performance, delivering on all objectives relating to governance structures.   |
| Continue to develop and strengthen leadership teams, with focus on organisational structure, succession, individual development and evaluation of performance.   | 3%                     | 1%         | Progress has been made with further focus required during 2021.  |
| Develop and maintain constructive and positive relationships and dialogue with regulatory bodies.  | 3%                     | 3%         | Positive and constructive relationships have been maintained throughout all strategic activity.  |
| Manage the delivery of the TP ICAP Risk Management Framework with a focus in 2020 on embedding the programme.  | 5%                     | 5%         | This objective was fully achieved with outstanding input from Philip.  |
| Drive and continue to embed the right culture for TP ICAP looking to improve diversity and inclusion as well as employee engagement scores.  | 3%                     | 3%         | Philip is a role model for the right conduct and culture, with extensive engagement throughout the organisation.   |
| Remuneration Committee discretion.   | 5%                     | 5%         | Philip has demonstrated very strong performance on an individual level (particularly as it related to the redomiciliation), whilst also working as part of the management team to deliver on the strategy and objectives in unprecedented circumstances. |
| <b>Total for strategic metrics</b>   | <b>30%</b>             | <b>28%</b> |  |

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. Weightings adjusted to take into account the introduction of a specific COVID response objective part-way through the year.

### Total annual bonus outcome for 2020 performance

The total bonus for each Executive Director for the year to 31 December 2020 is therefore as follows (audited):

| Measure                                  | Weighting | CEO bonus<br>(% Max bonus) | CFO bonus<br>(% Max bonus) | GGC bonus<br>(% Max bonus) |
|--|-----------|----------------------------|----------------------------|----------------------------|
| Underlying Operating Profit              | 50%       | 34%                        | 34%                        | 34%                        |
| Return on Equity                         | 20%       | 13%                        | 13%                        | 13%                        |
| Strategic Performance                    | 30%       | 28%                        | 25%                        | 28%                        |
| Total bonus (as a percentage of maximum) | 100%      | 75%                        | 72%                        | 75%                        |
| <b>Total bonus (£000s)</b>               |           | <b>1,261</b>               | <b>626</b>                 | <b>659</b>                 |

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)

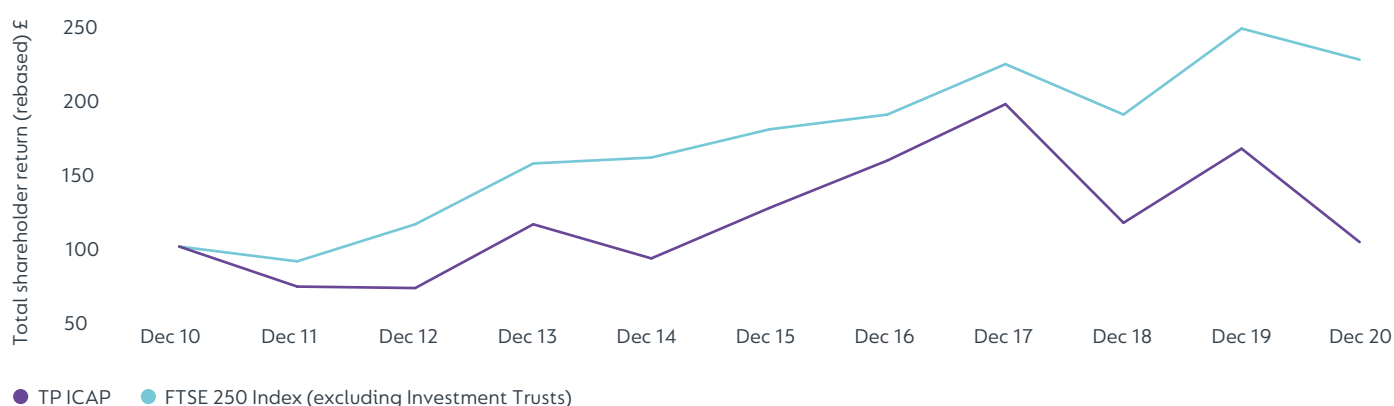
Awards were originally granted to the former Executive Directors on 19 May 2017, subject to Absolute TSR and Underlying EPS performance measures. The targets were disclosed in full on page 77 of the 2017 DRR. In 2019 the Executive Directors were granted awards under the current LTIP and awards they had held in the Transformation LTIP were simultaneously forfeited. Subsequent to this, the Absolute TSR and Underlying EPS threshold conditions of 8% p.a. and 48p, respectively, were measured and deemed not have been achieved and the Committee therefore agreed that these awards will lapse in full for all other participants.

### Performance graph

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 2020 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 2020, of £100 invested in TP ICAP on 31 December 2010, compared with the value of £100 invested in the FTSE 250 (excluding investment trusts) Index on the same date.

### Chief Executive remuneration history

| Year ended       | Name                           | Total Remuneration £000 | Annual bonus % of max payout | LTI % of max vesting |
|------------------|--------------------------------|-------------------------|------------------------------|----------------------|
| 31 December 2020 | Nicolas Breteau                | 1,937                   | 75.0%                        | 0%                   |
| 31 December 2019 | Nicolas Breteau                | 2,184                   | 94.0%                        | 0%                   |
| 31 December 2018 | Nicolas Breteau <sup>1</sup>   | 757                     | 56.6%                        | 0%                   |
|                  | John Phizackerley <sup>2</sup> | 325                     | 0%                           | 0%                   |
| 31 December 2017 | John Phizackerley <sup>6</sup> | 1,666                   | 88%                          | 62%                  |
| 31 December 2016 | John Phizackerley              | 3,381                   | 94%                          | 74%                  |
| 31 December 2015 | John Phizackerley              | 2,250                   | 80%                          | n/a                  |
| 31 December 2014 | John Phizackerley <sup>3</sup> | 720                     | n/a                          | n/a                  |
|                  | Terry Smith <sup>4</sup>       | 433                     | n/a                          | -                    |
| 31 December 2013 | Terry Smith                    | 2,856                   | 51%                          | -                    |
| 31 December 2012 | Terry Smith <sup>5</sup>       | 3,153                   | n/a                          | -                    |
| 31 December 2011 | Terry Smith <sup>5</sup>       | 4,929                   | n/a                          | 45%                  |
| 31 December 2010 | Terry Smith <sup>5</sup>       | 4,344                   | n/a                          | -                    |

1 For the six-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 four-month period from 1 September 2014.

4 For the eight-month period from 1 January 2014 to 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.

### Relative importance of spend on remuneration

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

| £m                                      | 2020  | 2019  | % change |
|---|-------|-------|----------|
| Employee remuneration <sup>1</sup>      | 1,153 | 1,120 | -        |
| Shareholder dividends paid <sup>2</sup> | 94    | 94    | -        |

1 Employee remuneration includes employer's social security costs and pension contributions.

2 Shareholder dividends comprises the dividends paid.

### Directors' interests

The interests (all beneficial) as at 31 December 2020 in the ordinary share capital of the Company were as follows:

| Director                           | LTIP shares <sup>3</sup> | Unvested shares <sup>2</sup> | Shares <sup>1</sup> |
|------------------------------------|--------------------------|------------------------------|---------------------|
| Richard Berliand                   | -                        | -                            | 75,000              |
| Nicolas Breteau                    | 1,031,475                | 419,986                      | 44,982              |
| Robin Stewart                      | 670,402                  | 187,976                      | 33,710              |
| Philip Price                       | 674,009                  | 205,930                      | 49,000              |
| Angela Knight                      | -                        | -                            | 2,150               |
| Roger Perkin                       | -                        | -                            | 5,000               |
| Edmund Ng                          | -                        | -                            | 20,000              |
| Michael Heaney                     | -                        | -                            | 40,000              |
| Angela Crawford-Ingle <sup>4</sup> | -                        | -                            | 9,716               |
| Mark Hemsley <sup>4</sup>          | -                        | -                            | -                   |

1 Following the redomiciliation, the Directors no longer hold these interests in the Company but instead hold interests in ordinary shares in TP ICAP Group plc. In addition, since 31 December 2020, certain of the Directors also took up their entitlements under the Rights Issue. Further to the redomiciliation and the Rights Issue, the Directors held the following interests (all beneficial) in shares in TP ICAP Group plc as at 5 March 2021:

| Director                           | LTIP shares <sup>3</sup> | Unvested shares <sup>2</sup> | Shares <sup>1</sup> |
|------------------------------------|--------------------------|------------------------------|---------------------|
| Richard Berliand                   | -                        | -                            | 105,000             |
| Nicolas Breteau                    | 1,157,315                | 471,225                      | 62,974              |
| Robin Stewart                      | 752,191                  | 210,909                      | 47,194              |
| Philip Price                       | 756,238                  | 231,052                      | 68,600              |
| Angela Knight                      | -                        | -                            | 3,010               |
| Roger Perkin                       | -                        | -                            | 7,000               |
| Edmund Ng                          | -                        | -                            | 28,000              |
| Michael Heaney                     | -                        | -                            | 56,000              |
| Angela Crawford-Ingle <sup>4</sup> | -                        | -                            | 13,602              |
| Mark Hemsley <sup>4</sup>          | -                        | -                            | -                   |

2 Shares awarded under the Deferred Bonus Plan for 2016, 2017, 2018 and 2019 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 Appointed to the Board on 16 March 2020.

## Report of the Remuneration Committee

continued

### Shareholding requirements (audited)

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.

### Scheme interests awarded in the year (audited)

The table below sets out scheme interests awarded to Executive Directors in the year, alongside details of the performance conditions, vesting schedule and retention period.

| Executive Director                                    | Date of Grant | Granted during the year <sup>1</sup> | Face value £000 | Face value % salary | Performance conditions                                       | Vesting date | End of retention period |
|---|---------------|--------------------------------------|-----------------|---------------------|--|--------------|-------------------------|
| <b>Conditional Share Awards under the LTIP</b>        |               |                                      |                 |                     |  |              |                         |
| Nicolas Breteau                                       | 30/03/20      | 483,433                              | £1,675          | 250%                | Relative TSR (50%)<br>EPS (30%)<br>New Business Growth (20%) | March 2023   | March 2025              |
| Robin Stewart   | 30/03/20      | 312,067                              | £1,081          | 250%                |  | March 2023   | March 2025              |
| Philip Price  | 30/03/20      | 315,674                              | £1,094          | 250%                |  | March 2023   | March 2025              |
| <b>Deferred shares awarded under the Annual Bonus</b> |               |                                      |                 |                     |  |              |                         |
| Nicolas Breteau                                       | 30/03/20      | 220,496                              | £764            | 118%                | n/a  | March 2023   | n/a                     |
| Robin Stewart   | 30/03/20      | 111,043                              | £385            | 91%                 |  | March 2023   | n/a                     |
| Philip Price  | 30/03/20      | 114,723                              | £398            | 94%                 |  | March 2023   | n/a                     |

<sup>1</sup> The face value of the awards was converted into a number of shares using a share price of £3.4648, 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.

### Chief Executive pay ratio

The table below compares the 2020 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 |
|------|--------|---------------------------|---------------------------|---------------------------|
| 2020 | A      | 34:1                      | 18:1                      | 8:1                       |
| 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 2020; 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 |
|------------------------|-----------------|-----------------|-----------------|
| <b>2020</b>            |                 |                 |                 |
| Salary                 | £46,000         | £100,000        | £131,250        |
| Total pay and benefits | £57,128         | £107,115        | £233,703        |
| <b>2019</b>            |                 |                 |                 |
| Salary                 | £55,000         | £51,667         | £95,000         |
| Total pay and benefits | £57,064         | £109,716        | £230,554        |

Total pay and benefits have remained broadly consistent, with movement in salary levels reflective of the range of compensation arrangements within the Group.

### Percentage change in Directors' remuneration

The Committee monitors the changes year-on-year between our Directors' pay and average employee pay. In accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the percentage change in Executive Director and Non-Executive Director total remuneration compared to the change for the average of employees within the Company.

|                         | Salary/fees<br>FY 2020 | Taxable benefits<br>FY 2020 | Short-term<br>variable pay<br>FY 2020 |
|-------------------------|------------------------|-----------------------------|---------------------------------------|
| Chief Executive Officer | 3%                     | 3%                          | -17%                                  |
| Chief Financial Officer | 2%                     | 3%                          | -19%                                  |
| Group General Counsel   | 3%                     | 3%                          | -17%                                  |
| Richard Berliand (NED)  | 5%                     | n/a                         | n/a                                   |
| Angela Knight           | 22%                    | n/a                         | n/a                                   |
| Roger Perkin            | 13%                    | n/a                         | n/a                                   |
| Michael Heaney          | 2%                     | n/a                         | n/a                                   |
| Edmund Ng               | -6%                    | n/a                         | n/a                                   |
| Lorraine Trainer        | -32%                   | n/a                         | n/a                                   |
| Angela Crawford-Ingle   | n/a                    | n/a                         | n/a                                   |
| Mark Hemsley            | n/a                    | n/a                         | n/a                                   |
| Employees               | 2%                     | 10%                         | -15%                                  |

Short-term variable pay includes annual bonus (both cash and deferred bonus).

As the Parent Company does not have employees, the data above represents a voluntary disclosure against a suitable comparator group. 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. It was therefore considered that comparison of the Executive Director's remuneration with that of UK non-broker staff would accordingly be more meaningful than comparison with all employees. Employee calculations have been carried out using the mean figures, which we believe best reflects the compensation paid within the Group.

The increase in taxable benefits for employees is reflective of an increased take up in family medical insurance during 2020, whilst movements in NED fees relate to changes in roles during 2019 and 2020.

### Fees paid to NEDs (audited)

The single total remuneration for each of the Non-executive Directors who held office during the year ended 31 December 2020 was as follows:

|                                    | Fees         |              | Benefits     |              | Total        |              |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                    | 2020<br>£000 | 2019<br>£000 | 2020<br>£000 | 2019<br>£000 | 2020<br>£000 | 2019<br>£000 |
| Richard Berliand <sup>1</sup>      | 300          | 285          | -            | -            | 300          | 285          |
| Angela Knight <sup>2</sup>         | 124          | 102          | -            | -            | 124          | 102          |
| Roger Perkin                       | 105          | 93           | -            | -            | 105          | 93           |
| Michael Heaney                     | 141          | 138          | -            | -            | 141          | 138          |
| Edmund Ng                          | 126          | 135          | -            | -            | 126          | 135          |
| Lorraine Trainer <sup>3</sup>      | 42           | 98           | -            | -            | 42           | 98           |
| Angela Crawford-Ingle <sup>4</sup> | 72           | -            | -            | -            | 72           | -            |
| Mark Hemsley <sup>5</sup>          | 70           | -            | -            | -            | 70           | -            |

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 and 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 as Remuneration Committee Chair on 13 May 2020. Her remuneration has been pro-rated accordingly.

3 Retired from the Board on 13 May 2020. Her remuneration has been pro-rated accordingly.

4 Appointed 16 March 2020. Her remuneration has been pro-rated accordingly.

5 Appointed 16 March 2020. His remuneration has been pro-rated accordingly.

## Report of the Remuneration Committee

continued

### Payments for loss of office and payments to past Directors (audited)

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

### Non-executive Directors' fees (audited)

The NED fees for 2021 are as follows:

| £m  | Fees from<br>1 January 2021 | Fees from<br>1 January 2020 |
|---|-----------------------------|-----------------------------|
| Chair   | <b>£300,000</b>             | £300,000                    |
| Base fee  | <b>£70,000</b>              | £70,000                     |
| Senior Independent Director                               | <b>£15,000</b>              | £15,000                     |
| Chair of the Audit, Risk and Remuneration Committees      | <b>£25,000</b>              | £25,000                     |
| Membership of the Audit, Risk and Remuneration Committees | <b>£10,000</b>              | £10,000                     |
| Overseas-based NED supplement                             | <b>£35,000</b>              | £35,000                     |
| Regional Engagement NED                                   | <b>£10,000</b>              | £10,000                     |

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.

With effect from October 2020 the overseas-based NED supplement has been temporarily suspended.

### Voting at the 2020 AGM

At the AGM held on 13 May 2020 the following votes were cast in respect of the Report on Directors' Remuneration. The votes shown below in relation to the Directors' Remuneration Policy were cast on 15 May 2019:

|  | For <sup>1,2</sup> |       | Against <sup>1</sup> |      | Votes withheld <sup>1</sup> |
|--|--------------------|-------|----------------------|------|-----------------------------|
|  | Number             | %     | Number               | %    | Number                      |
| Approval of the Directors' Remuneration Report | 486,343,685        | 97.67 | 16,758,981           | 3.33 | 12,334                      |
| 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.

### Governance

The Directors' Remuneration Report has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended by the 2013 Regulations) 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 Chair's statement, the Remuneration at a Glance section and certain parts of the Annual Report on Remuneration (indicated in that report) are unaudited.

### Remuneration Committee

Members of the Remuneration Committee during the year were: Lorraine Trainer (Chair until 13 May 2020), Angela Knight (Chair from 13 May 2020), Edmund Ng and Michael Heaney.

### 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 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.

### Key Remuneration Committee activities in 2020

The Committee's focus areas this year were:

- > assessing the 2019 performance of the Executive Directors against the financial and personal non-financial metrics;
- > determining the financial metrics used to assess 70% of the Executive Directors' 2020 Bonus and the performance ranges for the LTIP award made in 2020;
- > setting specific 2020 Strategic performance objectives for each of the Executive Directors in order to assess 30% of their 2020 Bonus;
- > establishing share schemes for the 2020 share awards as part of the redomiciliation project;
- > benchmarking the remuneration of the Executive Directors;
- > reviewing risk-adjusted reward procedures to ensure conduct and culture are considered in all reward decisions;
- > reviewing the Company's FCA Remuneration Policy Statement and undertaking a review of its Remuneration Code Staff; and
- > undertaking a full review of remuneration below Board and senior management level.

### Outside directorships

Nicolas Breteau, Robin Stewart and Philip Price did not have any outside directorships from which they received any remuneration during 2020.

### 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.

### 2021 AGM

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 2021 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 2021**

#### **Executive Directors**

The Executive Directors' salaries have been increased effective January/April 2021 as disclosed on page 98.

Until the intended EGM, 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 2021, be 70% financial targets and 30% strategic targets. Details of targets are deemed to be commercially sensitive and 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.

As outlined on page 94 the Committee has decided not to award a 2021 LTIP but will commence consultation with shareholders over a new Remuneration Policy in the coming months with the intention of holding an EGM by the autumn to approve the new policy, including the grant of a 2021 long-term incentive.

#### **Advice provided to the Remuneration Committee**

During 2020, 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 is satisfied that the PwC engagement partner and team, which provide remuneration advice to the Committee, do not have connections with TP ICAP that might impair their independence or objectivity. The fees payable for advice provided by PricewaterhouseCoopers in 2020 were £162,965 (excluding VAT). Fees are charged on a time and materials basis, other than when a scope of fees is provided for services upfront. 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. Advice was also provided on occasion by the CEO, CFO, Group General Counsel, Group Head of HR and CRO.

Approved by the Board and signed on its behalf by

**Angela Knight**  
**Interim Chair**  
**Remuneration Committee**  
9 March 2021



# Directors' report

The Directors present their report together with the audited consolidated Financial Statements for the year ended 31 December 2020.

As permitted by legislation, the following statements made pursuant to 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 66 to 67)  |
| Results for the year   | Consolidated Income Statement (page 124)   |
| Dividends  | Strategic Report (front cover)   |
| DTR 7 Corporate Governance Statement (excluding DTR 7.2.6, which is covered by this Directors' report) | Corporate governance report (page 62 to 63)  |
| How the Directors have engaged with and had regard to employees  | Corporate governance report (pages 72 to 73)   |
| How the Directors have had regard to the need to foster business relationships with stakeholders       | Corporate governance report (pages 74 to 75)   |
| Directors' share interests   | Report of the Remuneration Committee (page 104)                                      |
| Financial instruments  | Note 28 to the Consolidated Financial Statements (pages 162 to 167)                  |
| Viability statement  | Strategic Report (page 43)   |
| Going concern statement  | Strategic Report (page 43)   |
| Principal risks and uncertainties  | Strategic Report (pages 46 to 49)  |
| Human rights and equal opportunities   | Strategic Report (pages 50 to 55)  |
| Related party transactions   | Note 38 to the Consolidated Financial Statements (page 181)                          |
| Business activities and performance  | Strategic Report (pages 6 to 42)   |
| Financial position   | Strategic Report (pages 28 to 41)  |
| Key risk analysis  | Strategic Report (pages 46 to 49)  |
| Loans and other provisions   | Notes 3, 24 and 26 to the Consolidated Financial Statements (pages 130, 159 and 161) |
| Issued share capital   | Note 29 to the Consolidated Financial Statements (page 167)                          |
| Future developments  | Strategic report (pages 9 to 25)   |
| Statement of Directors' responsibilities   | Page 113   |

## 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 92 to 108) 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

Following the loss of the EU passporting rights as a result of the UK's withdrawal from the EU, TP ICAP's UK-based authorised subsidiaries no longer have the full scope of necessary regulatory permissions to service all clients based in the EU 27. TP ICAP's UK-based authorised subsidiaries continue to service clients based in certain EU 27 member states where possible under available temporary permission regimes, existing third country access rights, or as otherwise permitted by applicable laws and regulations. In those EU 27 member states where TP ICAP's existing operating model does not allow it to service clients under available temporary permission regimes, existing third country access rights, or applicable laws and regulations, TP ICAP is adjusting its operating model to ensure that it services clients in those jurisdictions in accordance with such temporary permission regimes, existing third country access rights, or applicable law and regulation. Such adjustments include, amongst other things, obtaining additional third country permissions for its UK authorised firms and servicing clients from its EU establishments once a sufficient number of brokers have been relocated from the UK.

On 1 February 2021 shareholders approved:

- > the introduction of a new Jersey incorporated holding company, TP ICAP Group plc (New TP ICAP) by means of a Scheme of Arrangement; and
- > The acquisition of Liquidnet Holdings, Inc.

On 2 February 2021 the Company allotted pursuant to a rights issue and admitted 225,334,552 new ordinary shares of 25 pence each, nil paid, to trading on London Stock Exchange plc's main market for listed securities.

On 24 February 2021, the High Court of England and Wales approved the Scheme of Arrangement pursuant to which TP ICAP Group plc would become the new holding company of the TP ICAP Group and the Company's immediate parent. On 26 February 2021, following delivery of the Court order sanctioning the Scheme of Arrangement, the Scheme of Arrangement become effective and the TP ICAP Ordinary Shares were delisted from, and New TP ICAP Ordinary Shares were listed on, in each case the premium listing segment of the Official List and to trading on the London Stock Exchange plc's main market for listed securities. TP ICAP Group plc therefore replaced the Company as the ultimate parent entity of the TP ICAP Group. On 8 March 2021 the Company was re-registered as a private limited company.

## **Directors**

The biography for each of the current Directors is set out on pages 66 to 67. Each of these Directors served throughout the year except for:

- > Angela Crawford-Ingle and Mark Hemsley, who were appointed to the Board of Directors on 16 March 2020; and
- > Tracy Clarke and Kath Cates who were appointed since the end of the year on 1 January 2021 and 1 February 2021, respectively.

Lorraine Trainer resigned from the Board on 13 May 2020.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association (the 'Articles'), the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders and were last amended in February 2021. The Articles provided that, 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. The Articles of TP ICAP Group plc include a similar provision, in line with the UK Corporate Governance Code and, in accordance with corporate governance requirements, having served TP ICAP for nine years, Angela Knight and Roger Perkin have indicated their 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 & 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 a ruling of actual dishonest or fraudulent activity is found. A similar indemnity has been provided by TP ICAP Group plc to the extent allowed by Jersey law. 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**

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**

The Directors were granted at the 2020 AGM 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.

During 2020 no shares were purchased in the market under the authority granted at the 2020 AGM. On 2 February 2021 the Company allotted 225,334,552 ordinary shares pursuant to a rights issue.

## **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 lenders were therefore engaged in the lead up to the Scheme of Arrangement. 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. As a consequence of the recent reorganisation and the Scheme of Arrangement TP ICAP Group plc has assumed the awards under the share schemes. 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 receive 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 Mark Hemsley, 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 2020, see pages 72 to 73.

### 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 has sought to obtain shareholder authority to make limited political donations at each AGM. During 2020, no political donations were made by the Group (2019: £nil).

### Statement of Directors' responsibilities

The Directors' Statement regarding their responsibility for preparing the Annual Report is set out on page 113.

### Substantial shareholders

The following table shows the holdings of the Company's total voting rights attached to the Company's issued ordinary share capital, that were notified to the Company in accordance with DTR 5 as at 31 December 2020, together with information on further notifications received by the Company or TP ICAP Group plc, as applicable, as at the date of this Annual Report.

|  | 31 December<br>2020<br>% | 9 March<br>2021<br>% |
|--|--------------------------|----------------------|
| Schroders plc                          | 12.42                    | 11.53                |
| Jupiter Asset Management               | 8.85                     | 8.85                 |
| Liontrust Asset Management             | 5.07                     | 5.07                 |
| Silchester International Investors LLP | 5.04                     | 5.04                 |
| Blackrock, Inc.                        | 4.85                     | 4.85                 |
| Ameriprise Financial Inc.              | -                        | 5.13                 |

### Greenhouse gas emissions

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

The emission of greenhouse gases result from office-based business activities and business travel, is the Company's main environmental impact and statistics relating to these emissions are set out in the Directors' report. The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a quoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The disclosure also extends beyond the scope of a quoted company and includes emissions and energy consumption from business travel via air and taxi (Scope 3).

### Global GHG emission data for the period: 2020

| Emission Source  | Current reporting year<br>1 January 2020 – 31 December 2020 |                          | Comparison reporting year<br>1 January 2019 – 31 December 2019 |                          |
|--|---|--------------------------|--|--------------------------|
|  | UK  | Global<br>(excluding UK) | UK   | Global<br>(excluding UK) |
| Emissions from activities for which the Company own or control including combustion of fuel and operation of facilities (Scope 1) (tCO <sub>2</sub> e) | 475   | 297                      | 421  | 551                      |
| Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2) (tCO <sub>2</sub> e)                                   | 4,421   | 4,107                    | 1,937  | 4,595                    |
| Emissions from business travel via air and taxi (Scope 3) (tCO <sub>2</sub> e)   | 300   | 477                      | 1,281  | 2,385                    |
| <b>Total gross Scope 1, Scope 2 and Scope 3 emissions (tCO<sub>2</sub>e)</b>   | <b>5,196</b>  | <b>4,880</b>             | <b>3,638</b>   | <b>7,598</b>             |
| Energy consumption used to calculate Scope 1 emissions (kWh)   | 2,584,497   | 1,480,384                | 595,047  | 2,747,545                |
| Energy consumption used to calculate Scope 2 emissions (kWh)   | 5,439,505   | 4,855,965                | 7,837,991  | 9,448,303                |
| Energy consumption used to calculate Scope 3 emissions (kWh)   | 1,157,271   | 1,866,947                | 5,142,135  | 9,599,074                |
| <b>Total energy consumption based on the above (kWh)</b>   | <b>9,181,274</b>  | <b>8,203,296</b>         | <b>13,575,173</b>  | <b>21,794,922</b>        |
| Intensity ratio: tCO <sub>2</sub> e (gross Scope 1, 2 + 3) per employee  | 2.0   |                          | 2.3  |                          |

### Methodology

Anthesis has calculated the above greenhouse gas emissions estimates to cover all material sources of emissions for which the Group is responsible. The methodology used was that of the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015)'. Responsibility for emissions sources was determined using the operational approach. All emission sources required under the 'Companies, Partnerships and Groups (Accounts and non-financial reporting) Regulations 2016' are included.

## Directors' report

continued

This estimate covers all the Group's operations that are consolidated in the financial statement and the offices leased to conduct these operations. Data has been collected from representative sites of different sizes in each region, and where data was not available, energy consumption was calculated based on floor area extrapolation from similar operations to estimate the consumption across the rest of the Group's global operations. Data was collected for the Group's managed or owned transport activity, and business travel, specifically in relation to travel via air and taxi. Activity data was then converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2020 and the International Energy Agency's (IEA) Overseas Electricity factors from 2020 for overseas electricity consumption.

### Energy Efficiency Action

Due to the COVID-19 pandemic TP ICAP have made few improvements to energy efficiency within the financial year; however, TP ICAP have made efforts to remove a lot of redundant technology kit within their data suites.

### Auditor

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

### Disclosure of information to the auditor

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

- > so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- > the Director has taken all 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

An Annual General Meeting of TP ICAP Group plc will be held at 2.15pm on 12 May 2021. The Company's Annual Report and Accounts will be presented to shareholders at the TP ICAP Group plc AGM, together with the financial statements of TP ICAP Group plc. The Company's Annual Report and Accounts will also be presented for approval by the Company's sole shareholder, TP ICAP Group plc, later in 2021. Details of the resolutions to be proposed at the TP ICAP Group plc AGM are set out in a separate Notice of Meeting together with explanatory notes set out in a separate circular. The Notice of this Meeting will be sent to all shareholders of TP ICAP Group plc entitled to receive such notice. Only members on the register of members of TP ICAP Group plc as at close of business on 10 May 2021 (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 TP ICAP Group plc's registrars or submitted to CREST at least 48 hours, excluding non-business days, before the AGM or any adjourned meeting thereof.

Approved by the Directors and signed on behalf of the Board.

**Richard Cordeschi**

**Group Company Secretary**

9 March 2021

# Statement of Directors' responsibilities

## 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 the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 66 to 67 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**  
9 March 2021

# Independent Auditor's Report to the members of TP ICAP Limited (formerly 'TP ICAP PLC')

## Report on the audit of the financial statements

### 1. Opinion

In our opinion:

- > the financial statements of TP ICAP Limited (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 2020 and of the group's profit for the year then ended;
- > the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and 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.

We have audited the financial statements which comprise:

- > the consolidated income statement;
- > the consolidated statement of comprehensive income;
- > the consolidated and parent company balance sheets;
- > the consolidated and parent company statements of changes in equity;
- > the consolidated cash flow statement;
- > the related consolidated financial statement noted 1 to 40; and
- > the related parent company financial statement notes 1 to 11.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006, 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).

### 2. 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 the 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.

### 3. Summary of our audit approach

|  |  |
|--|--|
| <b>Key audit matters</b>                   | The key audit matters that we identified in the current year were:<br><br>> Name Passing revenue<br>> Impairment of goodwill   |
| <b>Materiality</b>                         | The materiality that we used for the group financial statements was £9.2m which was determined with reference to the underlying profit before tax.   |
| <b>Scoping</b>                             | Our Group audit scope focused primarily on 5 locations (2019: 6 locations) with 18 subsidiaries (2019: 28 subsidiaries) subject to a full scope audit and 6 subsidiaries (2019: 5 subsidiaries) subject to specified audit procedures.<br><br>In aggregate, these subsidiaries represent the principal business units within each of the Group's operating segments. These subsidiaries account for 96% (2019: 98%) of the Group's total assets, 98% (2019: 98%) of the Group's total liabilities, 81% (2019: 88%) of the Group's revenue and 78% (2019: 85%) of the Group's expenses.   |
| <b>Significant changes in our approach</b> | Over the years, the Group has rationalised its structure resulting in fewer subsidiaries largely contributing to the Group's results. As a result of this, our selection of subsidiaries subject to full scope audit and specified audit procedures has changed.<br><br>We also no longer identify a key audit matter in relation to the presentation and disclosure of integrated related items as the Group completed its integration of ICAP in 2019. We identified no additional risk on the presentation of the income statement in the current year as the Group has changed its presentation of the income statement to a single columnar approach to show reported profit.<br><br>All other key audit matters are consistent with the prior year. There have been no other significant changes to our audit approach compared to prior year. |

### 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- > Challenging the underlying data and key assumptions used to make the assessment, including cash flow forecasts, impact of the proposed acquisition of Liquidnet Holdings Inc and its subsidiaries and the impact of Covid-19;
- > Performing stress tests in relation to key assumptions;
- > Evaluating the directors' plans for future actions, including evaluating the feasibility of the mitigating actions that they control, in relation to their going concern assessment; and
- > Considering the Group's forecasts in the context of the ongoing Brexit readiness plan and the potential impact of the Group's delay in relocating staff to EU member states and, therefore, the loss of EU passporting rights.

For the company only financial statements of the parent company, we inspected board minutes and other relevant strategy documents to understand the future plans for the parent company following the announcement that the Scheme of Arrangement became effective on 26 February 2021 and TP ICAP Group plc became the new parent company of the group. We also assessed the confirmation from the directors of TP ICAP Group plc, who are also the directors of the parent company, that they will continue to support the parent company to allow it to continue as a going concern for at least 12 months from the date of approval of the financial statements. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

On the Group's application of the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**5. 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.

**5.1. Name Passing revenue**

Refer to the summary of significant accounting policies on page 130 and "Our business model" on page 6.

|   |   |
|---|---|
| <b>Key audit matter description</b>                                 | <p>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.</p> <p>It is the largest revenue stream of the Group and accounts for approximately 70% of the Group's revenue and so a significant amount of audit time is utilised on this area. It also has a longer cash collection period than the other revenue streams of the Group. Revenue associated with past due trade debtors was £90.2m (89% of total trade debtors) at 31 December 2020.</p> <p>We identified a risk of material misstatement of revenue, due to fraud or error, related to revenue incurred during the year but remain unpaid for 60 or more days as at year-end.</p> |
| <b>How the scope of our audit responded to the key audit matter</b> | <p>We obtained an understanding of relevant controls relating to Name Passing invoicing and cash collection. The Group's control environment continues to be decentralised and reliant on manual processes, and there are improvements required to the IT environment. As a result we did not adopt a controls reliance approach.</p> <p>We agreed a 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.</p> <p>We reviewed communications with counterparties and tested a sample of post year-end trade adjustments and credit notes to evaluate whether these items were accurate and valid.</p>   |
| <b>Key observations</b>   | <p>Our substantive procedures were completed satisfactorily. We consider Name Passing revenue incurred during the year, but remaining unpaid for 60 or more days as at year-end, to be appropriate.</p>   |



## 5.2. Impairment of goodwill

Refer to the Audit Committee's report on page 85, the summary of significant accounting policies on page 132, accounting estimates and judgements on page 140 and the intangible assets arising on consolidation note on page 148.

|  |  |
|--|--|
| <p><b>Key audit matter description</b></p>                                 | <p>As required by IAS 36, goodwill is reviewed for impairment at least annually. The Group has changed its annual impairment assessment from 31 December to 30 September and annually thereafter. Determining whether the goodwill of £998m is impaired requires an estimation of the recoverable amount of the Group's cash generating units ("CGUs"), or a group of CGUs, using the higher of the value in use or fair value less costs to sell.</p> <p>The value in use approach was used to assess the recoverable amount of the EMEA, Americas and APAC Group of CGUs.</p> <p>The value in use approach involves an estimation of future cash flows arising for the CGUs or group of CGUs 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 or group of CGU can be sensitive to changes in underlying assumptions. We focused our testing on the EMEA CGU cashflows, due to the impact of Brexit, and the Asia Pacific CGU which was sensitive to the forecast future growth rate. Management have also assessed for impairment triggers between 30 September 2020 and 31 December 2020 and concluded no impairment triggers were identified.</p> <p>An impairment of £21m was recorded in the year for the Asia Pacific CGU.</p> |
| <p><b>How the scope of our audit responded to the key audit matter</b></p> | <p>We obtained an understanding of relevant controls relating to the impairment of goodwill.</p> <p>We performed detailed analysis of the Group's assumptions used in the annual impairment review, in particular the cashflow projections, forecast future growth rates, and discount rates used by the Group in its impairment tests of the group of CGUs. We challenged cash flow projections and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available.</p> <p>We have also assessed the impact of the UK based subsidiaries losing their regulatory permissions to service clients in a number of EU countries subsequent to the UK leaving the EU on the EMEA CGU cashflows.</p> <p>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.</p> <p>We performed scenario analysis, flexed key assumptions, assessed for impairment triggers between 30 September 2020 and 31 December 2020, and considered the appropriateness of the disclosures in the notes to the financial statements.</p>  |
| <p><b>Key observations</b></p>   | <p>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.</p> <p>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.</p> <p>We identified the discount rate for the EMEA CGU was not within the reasonable range calculated by our internal valuation specialist, however, the recoverable value of the EMEA CGU is not sensitive to a reasonable possible change in discount rates. We concurred with the directors' conclusion that no impairment was required.</p>   |

## 6. Our application of materiality

### 6.1. 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 financial statements   | Parent company financial statements  |
|--|--|--|
| <b>Materiality</b>                       | £9.2m (2019: £9.6m)  | £4.6m (2019: £4.8m)  |
| <b>Basis for determining materiality</b> | We have used 5% of normalised profit based tax as a basis for determining materiality. We have determined adjusted profit before tax of £184m as profit before tax of £223m less amortisation of intangible assets arising on consolidation of £39m. Amortisation of intangible assets arising on consolidation is a recurring cost and therefore reflects ongoing business performance. | For the 2020 Parent company financial statements, we have determined our materiality to be £4.6m. This equates to 50% of Group materiality and less than 1% of Parent Company total equity.            |
| <b>Rationale for benchmark applied</b>   | In determine the Group materiality, we considered a number of factors, including the needs and interest of the users of the Group financial statements. In our view, an adjusted underlying profit before tax is a more stable metric for group profitability.   | In determining Parent company materiality, we considered a number of factors including Group materiality and performance materiality and the relative significance of the Parent Company to the Group. |

### 6.2. 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 financial statements  | Parent company financial statements           |
|--|---|---|
| <b>Performance materiality</b>                                     | 65% (2019: 70%) of group materiality  | 65% (2019: 70%) of parent company materiality |
| <b>Basis and rationale for determining performance materiality</b> | <p>In determining performance materiality we considered that the control environment remains decentralised and reliant on manual processes, and that improvements are required to the information technology environment. We also considered the increased operational risk in relation to the COVID-19 pandemic, including the move to remote working. We also considered:</p> <ul style="list-style-type: none"> <li>&gt; our past experience of the audit, which has indicated a low number uncorrected misstatements identified in prior periods; and</li> <li>&gt; our risk assessment, which has indicated no changes in the business that could affect our ability to forecast potential misstatements.</li> </ul> |   |

### 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2019: £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.

## 7. An overview of the scope of our audit

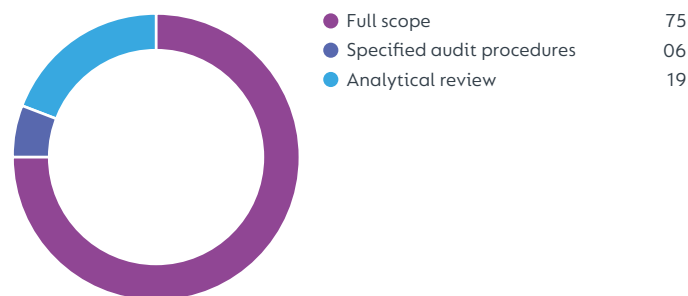
### 7.1. Identification and scoping of components

Our Group audit scope focused primarily on 5 locations (2019: 6 locations) with 18 subsidiaries (2019: 28 subsidiaries) subject to a full scope audit and 6 subsidiaries (2019: 5 subsidiaries) subject to specified audit procedures.

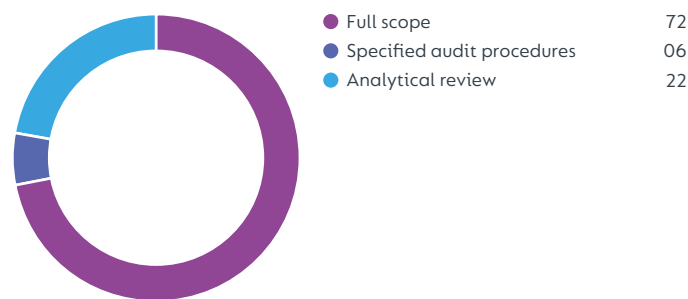
These subsidiaries account for 96% (2019: 98%) of the Group's total assets, 98% (2019: 98%) of the Group's total liabilities, 81% (2019: 88%) of the Group's revenue and 78% (2019: 85%) of the Group's expenses. Over the years, the Group has rationalised its structure resulting in fewer subsidiaries largely contributing to the Group's results. As a result of this, our selection of subsidiaries subject to full scope audit and specified audit procedures has changed. There have been no other significant changes to our audit approach compared to prior year.

The subsidiaries were selected based on their quantitative contribution to the Group and qualitative risk factors. Our audits of each of the subsidiaries were performed using lower levels of materiality based on their size relative to the Group. The materiality for each subsidiary audit ranged from £2.9m to £3.6m. 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.

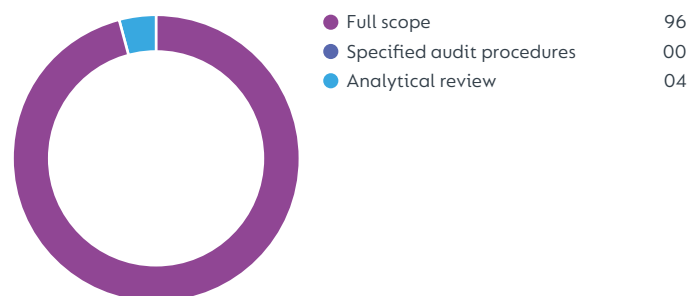
#### Revenue %



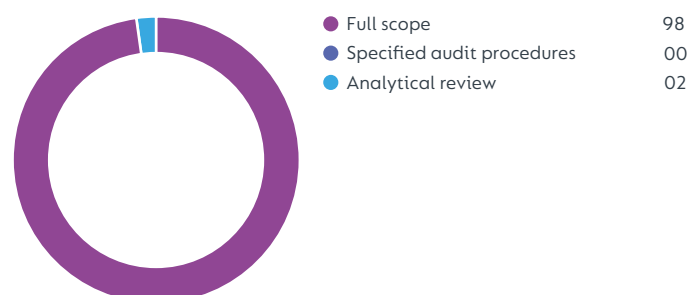
#### Expenses %



#### Assets %



#### Liabilities %



### **7.2. 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.

### **7.3. Working with other 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. The Senior Statutory Auditor met with key members of overseas management remotely. The Group audit team performed a remote file review of the work performed by all component auditors.

### **8. 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. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

*We have nothing to report in this regard.*

### **9. 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.

### **10. Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### 11.1. 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;
- > the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions 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 and the impairment of goodwill. 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 relevant provision 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.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified Name Passing revenue and impairment of goodwill as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. 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;
- > 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.

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.

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## Report on other legal and regulatory requirements

### 12. 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 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.

### 13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- > the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting set out on page 43;
- > the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 43;
- > the directors' statement on fair, balanced and understandable set out on page 113;
- > the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 46;
- > the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and
- > the section describing the work of the audit committee set out on page 84.

**14. Matters on which we are required to report by exception****14.1. 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.*

**14.2 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.*

**15. Other matters which we are required to address****15.1 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 20 years, covering the years ending 31 December 2001 to 31 December 2020.

**15.2. 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).

**16. 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.

**Fiona Walker**

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
9 March 2021

# Consolidated Income Statement

for the year ended 31 December 2020

|  | Notes | 2020<br>£m     | 2019<br>£m |
|--|-------|----------------|------------|
| <b>Revenue</b>   | 4     | <b>1,794</b>   | 1,833      |
| Employment, compensation and benefits  |       | (1,153)        | (1,154)    |
| General and administrative expenses  |       | (360)          | (435)      |
| Depreciation and impairment of property, plant and equipment and right-of-use assets |       | (37)           | (34)       |
| Amortisation and impairment of Intangible assets                                     |       | (59)           | (69)       |
| Impairment of other assets   |       | (23)           | (24)       |
| <b>Total operating costs</b>   | 5     | <b>(1,632)</b> | (1,716)    |
| Other operating income   | 6     | 16             | 25         |
| <b>Operating profit</b>  |       | <b>178</b>     | 142        |
| Finance income   | 8     | 3              | 6          |
| Finance costs  | 9     | (52)           | (55)       |
| <b>Profit before tax</b>   |       | <b>129</b>     | 93         |
| Taxation   | 10    | (48)           | (40)       |
| <b>Profit after tax</b>  |       | <b>81</b>      | 53         |
| Share of results of associates and joint ventures                                    | 17,18 | 16             | 15         |
| <b>Profit for the year</b>   |       | <b>97</b>      | 68         |
| <b>Attributable to:</b>  |       |                |            |
| Equity holders of the parent   |       | 96             | 67         |
| Non-controlling interests  |       | 1              | 1          |
|  |       | <b>97</b>      | 68         |
| <b>Earnings per share</b>  |       |                |            |
| – Basic  | 11    | <b>17.2p</b>   | 12.0p      |
| – Diluted  | 11    | <b>17.0p</b>   | 11.9p      |



# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

|  | Notes | 2020<br>£m  | 2019<br>£m |
|--|-------|-------------|------------|
| <b>Profit for the year</b>   |       | <b>97</b>   | 68         |
| <b>Items that will not be reclassified subsequently to profit or loss:</b> |       |             |            |
| Remeasurement of defined benefit pension schemes                           | 37    | 2           | (52)       |
| Equity instruments at FVTOCI – net change in fair value                    | 19    | –           | 1          |
| Taxation   | 10    | –           | 19         |
|  |       | <b>2</b>    | (32)       |
| <b>Items that may be reclassified subsequently to profit or loss:</b>      |       |             |            |
| Fair value movements on net investment hedge                               |       | 2           | –          |
| Effect of changes in exchange rates on translation of foreign operations   |       | (30)        | (44)       |
| Taxation   |       | (1)         | –          |
|  |       | <b>(29)</b> | (44)       |
| <b>Other comprehensive loss for the year</b>                               |       | <b>(27)</b> | (76)       |
| <b>Total comprehensive income/(loss) for the year</b>                      |       | <b>70</b>   | (8)        |
| <b>Attributable to:</b>  |       |             |            |
| Equity holders of the parent   |       | 69          | (8)        |
| Non-controlling interests  |       | 1           | –          |
|  |       | <b>70</b>   | (8)        |

# Consolidated Balance Sheet

as at 31 December 2020

|  | Notes    | 2020<br>£m      | 2019<br>£m |
|--|----------|-----------------|------------|
| <b>Non-current assets</b>                                  |          |                 |            |
| Intangible assets arising on consolidation                 | 13       | 1,463           | 1,511      |
| Other intangible assets                                    | 14       | 58              | 61         |
| Property, plant and equipment                              | 15       | 101             | 72         |
| Right-of-use assets  | 16       | 163             | 91         |
| Investment in associates                                   | 17       | 61              | 58         |
| Investment in joint ventures                               | 18       | 29              | 28         |
| Other investments  | 19       | 18              | 20         |
| Deferred tax assets  | 21       | 4               | 3          |
| Retirement benefit assets                                  | 37       | -               | -          |
| Other long-term receivables                                | 22       | 24              | 26         |
|  |          | <b>1,921</b>    | 1,870      |
| <b>Current assets</b>                                      |          |                 |            |
| Trade and other receivables                                | 22       | 70,027          | 49,371     |
| Financial investments                                      | 20       | 127             | 148        |
| Derivative financial instruments                           | 28(c)    | 3               | -          |
| Cash and cash equivalents                                  | 34       | 656             | 676        |
|  |          | <b>70,813</b>   | 50,195     |
| <b>Total assets</b>  |          | <b>72,734</b>   | 52,065     |
| <b>Current liabilities</b>                                 |          |                 |            |
| Trade and other payables                                   | 23       | (69,927)        | (49,305)   |
| Loans and borrowings                                       | 24       | (46)            | (11)       |
| Lease liabilities  | 25       | (26)            | (23)       |
| Current tax liabilities                                    |          | (28)            | (48)       |
| Short-term provisions                                      | 26       | (17)            | (21)       |
|  |          | <b>(70,044)</b> | (49,408)   |
| <b>Net current assets</b>                                  |          | <b>769</b>      | 787        |
| <b>Non-current liabilities</b>                             |          |                 |            |
| Loans and borrowings                                       | 24       | (679)           | (678)      |
| Lease liabilities  | 25       | (186)           | (117)      |
| Deferred tax liabilities                                   | 21       | (79)            | (83)       |
| Long-term provisions                                       | 26       | (23)            | (26)       |
| Other long-term payables                                   | 27       | (23)            | (21)       |
| Retirement benefit obligations                             | 37       | (2)             | (2)        |
|  |          | <b>(992)</b>    | (927)      |
| <b>Total liabilities</b>                                   |          | <b>(71,036)</b> | (50,335)   |
| <b>Net assets</b>  |          | <b>1,698</b>    | 1,730      |
| <b>Equity</b>  |          |                 |            |
| 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)    | (1,246)         | (1,205)    |
| Retained earnings  | 30(c)    | 1,383           | 1,375      |
| <b>Equity attributable to equity holders of the parent</b> | 30(c)    | <b>1,679</b>    | 1,712      |
| Non-controlling interests                                  | 30(c)    | 19              | 18         |
| <b>Total equity</b>  |          | <b>1,698</b>    | 1,730      |

The Consolidated Financial Statements of TP ICAP Limited (registered number 5807599) were approved by the Board of Directors and authorised for issue on 9 March 2021 and are signed on its behalf by

**Nicolas Breteau**

Chief Executive Officer

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

|  | Equity attributable to equity holders of the parent (Note 30) |                             |                      |                                   |                            |                               |                  |                         | Non-controlling interests<br>£m | Total equity<br>£m |             |
|--|---|-----------------------------|----------------------|-----------------------------------|----------------------------|-------------------------------|------------------|-------------------------|---------------------------------|--------------------|-------------|
|  | Share capital<br>£m   | Share premium account<br>£m | Merger reserve<br>£m | Reverse acquisition reserve<br>£m | Re-valuation reserve<br>£m | Hedging and translation<br>£m | Own shares<br>£m | Retained earnings<br>£m |                                 |                    | Total<br>£m |
| <b>2020</b>                                      |   |                             |                      |                                   |                            |                               |                  |                         |                                 |                    |             |
| Balance at 1 January 2020                        | 141   | 17                          | 1,384                | (1,182)                           | 5                          | (12)                          | (16)             | 1,375                   | 1,712                           | 18                 | 1,730       |
| Profit for the year                              | -   | -                           | -                    | -                                 | -                          | -                             | -                | 96                      | 96                              | 1                  | 97          |
| Other comprehensive (loss)/income for the year   | -   | -                           | -                    | -                                 | -                          | (29)                          | -                | 2                       | (27)                            | -                  | (27)        |
| Total comprehensive income/(loss) for the year   | -   | -                           | -                    | -                                 | -                          | (29)                          | -                | 98                      | 69                              | 1                  | 70          |
| Dividends paid                                   | -   | -                           | -                    | -                                 | -                          | -                             | -                | (94)                    | (94)                            | (1)                | (95)        |
| Gain on disposal of equity instruments at FVTOCI | -   | -                           | -                    | -                                 | (1)                        | -                             | -                | 1                       | -                               | -                  | -           |
| Share settlement of share-based awards           | -   | -                           | -                    | -                                 | -                          | -                             | 3                | (3)                     | -                               | -                  | -           |
| Own shares acquired for employee trusts          | -   | -                           | -                    | -                                 | -                          | -                             | (14)             | -                       | (14)                            | -                  | (14)        |
| Increase in non-controlling interests            | -   | -                           | -                    | -                                 | -                          | -                             | -                | -                       | -                               | 1                  | 1           |
| Credit arising on share-based awards             | -   | -                           | -                    | -                                 | -                          | -                             | -                | 6                       | 6                               | -                  | 6           |
| Balance at 31 December 2020                      | 141   | 17                          | 1,384                | (1,182)                           | 4                          | (41)                          | (27)             | 1,383                   | 1,679                           | 19                 | 1,698       |

|  | Equity attributable to equity holders of the parent (Note 30) |                             |                      |                                   |                            |                               |                  |                         | Non-controlling interests<br>£m | Total equity<br>£m |             |
|--|---|-----------------------------|----------------------|-----------------------------------|----------------------------|-------------------------------|------------------|-------------------------|---------------------------------|--------------------|-------------|
|  | Share capital<br>£m   | Share premium account<br>£m | Merger reserve<br>£m | Reverse acquisition reserve<br>£m | Re-valuation reserve<br>£m | Hedging and translation<br>£m | Own shares<br>£m | Retained earnings<br>£m |                                 |                    | Total<br>£m |
| <b>2019</b>                                    |   |                             |                      |                                   |                            |                               |                  |                         |                                 |                    |             |
| 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       |

# Consolidated Cash Flow Statement

for the year ended 31 December 2020

|  | Notes | 2020<br>£m   | 2019<br>£m |
|--|-------|--------------|------------|
| <b>Net cash flow from operating activities</b>                       | 33    | <b>144</b>   | 148        |
| <b>Investing activities</b>  |       |              |            |
| Sale/(purchase) of financial investments <sup>1</sup>                |       | 18           | (20)       |
| Sale of equity instruments at FVTOCI                                 |       | 2            | 1          |
| Purchase of equity investments at FVTOCI                             |       | -            | (1)        |
| Purchase of derivative financial instruments                         |       | (2)          | -          |
| Interest received  |       | 3            | 5          |
| Dividends from associates and joint ventures                         |       | 13           | 10         |
| Expenditure on intangible fixed assets                               |       | (16)         | (20)       |
| Purchase of property, plant and equipment                            |       | (35)         | (13)       |
| Direct costs on acquiring right-of-use assets                        |       | (2)          | -          |
| Deferred consideration paid  |       | (22)         | (12)       |
| Investment in associates and joint ventures                          |       | (3)          | (5)        |
| Acquisition consideration paid                                       |       | (18)         | -          |
| Cash acquired with acquisitions                                      |       | 9            | -          |
| <b>Net cash flow from investment activities</b>                      |       | <b>(53)</b>  | (55)       |
| <b>Financing activities</b>  |       |              |            |
| 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                              |       | (14)         | (7)        |
| Net repayment of bank loans <sup>2</sup>                             | 24    | -            | (52)       |
| Net borrowing/(repayment) of loans from related parties <sup>2</sup> | 24    | 28           | (3)        |
| 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)        |
| Payment of lease liabilities   |       | (24)         | (21)       |
| <b>Net cash flow from financing activities</b>                       |       | <b>(105)</b> | (71)       |
| <b>(Decrease)/increase in cash and overdrafts</b>                    |       | <b>(14)</b>  | 22         |
| <b>Cash and overdrafts at the beginning of the year</b>              |       | <b>676</b>   | 667        |
| Effect of foreign exchange rate changes                              |       | (13)         | (13)       |
| <b>Cash and overdrafts at the end of the year</b>                    | 34    | <b>649</b>   | 676        |
| Cash and cash equivalents  | 34    | 656          | 686        |
| Overdrafts   | 34    | (7)          | (10)       |
|  |       | <b>649</b>   | 676        |

1 Includes the impact of a change in classification of restricted funds during the year.

2 The Group utilises credit facilities throughout the year, entering into numerous short-term bank and other loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net. Further details are set out in Note 24.

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

## 1. General information

As at 31 December 2020 TP ICAP plc (the 'Company') was a public company limited by shares incorporated in England and Wales under the Companies Act. On 26 February 2021 following a Scheme of Arrangement, described on the contents page of the inside front cover of the Annual Report, TP ICAP Group plc acquired the entire share capital of the Company, resulting in TP ICAP Group plc becoming the Group's ultimate parent undertaking. On 8 March 2021 the Company re-registered as a limited company. The address of the registered offices of the Company and TP ICAP Group plc is given on page 190. The nature of the Group's operations and its principal activities are set out in the Directors' report on pages 109 to 112 and in the Strategic Report on pages 1 to 61.

## 2. Basis of preparation

### (a) Basis of accounting

The Group's Consolidated Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

## 2. Basis of preparation continued

### (c) Presentation of the Income Statement

Previously the Group presented a columnar format for its Consolidated Income Statement in order to aid the understanding of the 'underlying' performance measures used by the Group's Chief Operating Decision Maker ('CODM') and to provide a reconciliation to the Group's IFRS reported numbers. For 2020 the information considered by the Group's CODM is contained in Note 4 'Segmental Analysis', in the Financial and Operating Review on pages 28 to 42, and in the Alternative Performance Measures appendix on page 203.

### (d) Going concern

The Directors of the Company have, at the time of approving the Financial Statements, a reasonable expectation that the Group now owned by TP ICAP 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 Group's Consolidated Financial Statements. Further detail is contained in the going concern section and viability statement included in the Strategic Report on page 43.

### (e) Adoption of new and revised Standards

The following new and revised Standards and Interpretations are effective from 1 January 2020 but they do not have a material effect on the Group's Consolidated Financial Statements:

- > Amendments to IAS 1 and IAS 8: Definition of Material;
- > Amendments to References to the Conceptual Framework in IFRS Standards;
- > Amendments to IFRS 3 Business Combinations; and
- > Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.

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

- > Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- > Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions; and
- > Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

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

- > IFRS 17 Insurance Contracts including Amendments to IFRS 17;
- > Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (including the amendment deferring the effective date);
- > Amendment to IFRS 3 Business Combinations;
- > Amendments to IAS 16 Property, Plant and Equipment;
- > Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- > Annual Improvements 2018-2020.

The Directors do not expect the adoption of the above Standards and Interpretations will have a material impact on the Consolidated 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 (point in time recognition);
- (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 (point in time recognition);
- (iv) Fees earned from the sales of price information from financial and commodity markets to third parties are recognised on an accruals basis to match the provision of the service (recognised over time). In relation to these contracts the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. In respect of contracts for the sale of price information from financial and commodity markets, 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; and
- (v) Fees from the sales of price information from financial and commodity markets that are provided over time, but which are contingent on the validation of price information usage, are recognised once usage has been verified (point in time).

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, deferred consideration for the acquisition includes any asset or liability resulting from a non-contingent or contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values of contingent consideration 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. The cash settlement of deferred consideration is reported as part of investing activities in the cash flow. Deferred consideration classified as equity is not remeasured (outside of the measurement period) with subsequent settlement accounted for within equity.

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.

### 3. Summary of significant accounting policies continued

#### (e) Goodwill

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

Goodwill recognised as an asset is reviewed for impairment at least annually. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to groups of individual 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 subsequently measured 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 that are subsequently measured 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.

### 3. Summary of significant accounting policies continued

#### (j) Financial instruments continued

##### 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.

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 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; and
- > 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 12 months after the reporting date.

**(j) Financial instruments** continued**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. 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 in general and administrative expenses due to materiality consideration. 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.

### 3. Summary of significant accounting policies continued

#### (j) Financial instruments continued

##### 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.

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.

**(k) Derivative financial instruments** *continued*

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 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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 12 months and is not expected to be realised or settled within 12 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 hedging relationship no longer meets the risk management objective or where the hedging relationship no longer complies with the qualifying criteria or if the hedging instrument has been sold or terminated.

**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.

Where the Group designates the intrinsic value of purchased options as the hedging instrument in a net investment hedge, changes in the time value of the option are required to be recorded initially in other comprehensive income. Under the ‘cost of hedging’ approach, the initial option premium cost is recycled from other comprehensive income and recognised in the income statement on a straight-line basis over the period of the hedge.

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.

### 3. Summary of significant accounting policies continued

#### (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 which are repayable on demand and form an integral part of the group's cash management.

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 amounts 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 amounts for which the Group does not have immediate and direct access or for which regulatory requirements restrict its use.

#### (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.

#### (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****Definition of a lease**

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. Thereafter the Group has applied the definition of a lease and related guidance to all lease contracts entered into or modified on or after 1 January 2019.

The Group assesses whether 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.

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 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.

**As a lessee**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (up to 12 months) and leases of low value assets (less than £3,500). 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 reflecting the lease term and the country in which it resides. 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. Where a lease contract is modified and the lease modification is not accounted for as a separate lease, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Lease 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.

**As a lessor**

The Group sub-leases some of its leased properties. Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts and classifies 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 derecognises the right-of-use asset and records its interest in finance lease receivables. Lease receipts are apportioned between finance income and a reduction in the finance lease receivable. As required by IFRS 9, an allowance for expected credit losses is recognised on the finance lease receivables.

Where sub-leases are classified as operating leases, operating lease receipts are recognised 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 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. Changes in the asset ceiling are recorded in other comprehensive income.

### 3. Summary of significant accounting policies continued

#### (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 and own 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.

Shares repurchased from the open market are recorded in 'own shares' within reserves. Own shares issued to beneficiaries under share award plans are recorded as a transfer to retained earnings.

#### (w) Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters where a possible outflow of economic benefit might occur, or where that outflow cannot be reliably estimated, are not recognised in the financial statements but are disclosed.

#### (x) 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 and estimates 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.

#### Judgements

Judgement is required when determining whether a present obligation exists. Professional advice is taken on the assessment of litigation and similar obligations.

Provisions for legal proceedings and regulatory matters typically require a higher degree of judgement than other types of provisions. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better defined set of possible outcomes.

#### Estimates

Provisions for legal proceedings and regulatory matters remain very sensitive to the assumptions used in the estimate. There could be a wider range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved.

Notes 26 and 35 provide details of the Group's provisions and contingent liabilities and the key sources of estimation uncertainty.

#### Impairment of goodwill and intangible assets

##### Judgements

Forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Under such circumstances, management tests goodwill for impairment more frequently than once a year when indicators of impairment exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future performance.

##### Estimates

The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter.

The rates used to discount future expected cash flows can have a significant effect on a CGU's valuation. The discount rate incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the region concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control.

Note 13 sets out the key sources of estimation uncertainty, the key assumptions made and the resultant sensitivity to reasonable possible changes in those assumptions.



#### 4. Segmental analysis

##### Products and services from which reportable segments derive their revenues

The Group has a matrix management structure. The Group's Chief Operating Decision Maker ('CODM') is the Executive Committee ('Exco') which operates as a general management committee under the direct authority of the Board. The Exco regularly reviews operating activity on a number of bases, including by geographical region and by business division. The Group considers that geographic segments represent the most appropriate view for the purposes of resource allocation and assessment of the nature and financial effects of the business activities in which the Group engages. These are the Group's primary reportable segments under IFRS 8 'Operating Segments'.

The Group's performance is assessed by the CODM on the basis of adjusted performance that removes the effects of significant items from reported results. Significant items are items that management identify and consider separately in order to improve the understanding of the underlying trends and performance of the business, that would otherwise distort year-or-year comparison. These segmental results are therefore presented on an adjusted basis.

In addition the Group has presented its adjusted results by business division: Global Broking, Energy & Commodities, Institutional Services, and Data & Analytics. Segmental income and expenses include transfers between segments and these transfers are conducted at arm's length.

Information regarding the Group's operating segments is reported below:

##### Analysis by geographic segment

| 2020  | EMEA<br>£m   | Americas<br>£m | Asia Pacific<br>£m | Total<br>£m  |
|---|--------------|----------------|--------------------|--------------|
| Revenue   | 888          | 670            | 236                | 1,794        |
| Total front-office costs  | (518)        | (442)          | (154)              | (1,114)      |
| <b>Contribution</b>   | <b>370</b>   | <b>228</b>     | <b>82</b>          | <b>680</b>   |
| Employment and general and administrative expenses  | (185)        | (119)          | (62)               | (366)        |
| Depreciation and impairment of property, plant and equipment and right-of-use assets <sup>1</sup> | (15)         | (12)           | (9)                | (36)         |
| Amortisation and impairment of intangibles <sup>1</sup>   | (16)         | (4)            | -                  | (20)         |
| <b>Total management and support costs</b>   | <b>(216)</b> | <b>(135)</b>   | <b>(71)</b>        | <b>(422)</b> |
| Other operating income  | 6            | 3              | 5                  | 14           |
| <b>Adjusted operating profit</b>  | <b>160</b>   | <b>96</b>      | <b>16</b>          | <b>272</b>   |

1 Of the depreciation and impairment of property, plant and equipment and right-of-use asset and amortisation and impairment of intangible assets relating to EMEA, £29m (2019: £32m) arises in the UK.

| 2019   | EMEA<br>£m   | Americas<br>£m | Asia Pacific<br>£m | Total<br>£m  |
|--|--------------|----------------|--------------------|--------------|
| Revenue  | 900          | 687            | 246                | 1,833        |
| Total front-office costs   | (524)        | (458)          | (157)              | (1,139)      |
| <b>Contribution</b>  | <b>376</b>   | <b>220</b>     | <b>89</b>          | <b>694</b>   |
| Employment and general and administrative expenses                                   | (190)        | (124)          | (60)               | (374)        |
| Depreciation and impairment of property, plant and equipment and right-of-use assets | (14)         | (12)           | (8)                | (34)         |
| Amortisation and impairment of intangibles   | (18)         | (4)            | (1)                | (23)         |
| <b>Total management and support costs</b>  | <b>(222)</b> | <b>(140)</b>   | <b>(69)</b>        | <b>(431)</b> |
| Other operating income   | 10           | 5              | 1                  | 16           |
| <b>Adjusted operating profit</b>   | <b>164</b>   | <b>94</b>      | <b>21</b>          | <b>279</b>   |

There are no inter-segment sales included in the geographic segment revenue.

The Company is domiciled in the UK. Revenue attributable services provided in the UK amounted to £826m (2019: £850m), the USA £636m (2019: £655m) and other countries £322m (2019: £328m).

**4. Segmental analysis** continued  
**Analysis by division**

| 2020                                      | Global Broking<br>£m | Energy &<br>Commodities<br>£m | Institutional<br>Services<br>£m | Data &<br>Analytics <sup>1</sup><br>£m | Corporate<br>Centre<br>£m | Total<br>£m    |
|---|----------------------|-------------------------------|---------------------------------|--|---------------------------|----------------|
| <b>Reported Revenue</b>                   | <b>1,188</b>         | <b>391</b>                    | <b>91</b>                       | <b>145</b>                             | <b>(21)</b>               | <b>1,794</b>   |
| > External                                | 1,170                | 388                           | 91                              | 145                                    | -                         | 1,794          |
| > Inter-division                          | 18                   | 3                             | -                               | -                                      | (21)                      | -              |
| <b>Total front-office costs</b>           | <b>(734)</b>         | <b>(261)</b>                  | <b>(69)</b>                     | <b>(71)</b>                            | <b>21</b>                 | <b>(1,114)</b> |
| > External                                | (734)                | (261)                         | (69)                            | (50)                                   | -                         | (1,114)        |
| > Inter-division                          | -                    | -                             | -                               | (21)                                   | 21                        | -              |
| <b>Contribution</b>                       | <b>454</b>           | <b>130</b>                    | <b>22</b>                       | <b>74</b>                              | <b>-</b>                  | <b>680</b>     |
| <b>Total management and support costs</b> | <b>(260)</b>         | <b>(78)</b>                   | <b>(15)</b>                     | <b>(10)</b>                            | <b>(59)</b>               | <b>(422)</b>   |
| Other operating income                    | 3                    | 1                             | -                               | -                                      | 10                        | 14             |
| <b>Adjusted operating profit</b>          | <b>197</b>           | <b>53</b>                     | <b>7</b>                        | <b>64</b>                              | <b>(49)</b>               | <b>272</b>     |

1 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.

**Analysis by division**

| 2019                                      | Global Broking<br>£m | Energy &<br>Commodities<br>£m | Institutional<br>Services<br>£m | Data &<br>Analytics<br>£m | Corporate<br>Centre<br>£m | Total<br>£m    |
|---|----------------------|-------------------------------|---------------------------------|---------------------------|---------------------------|----------------|
| <b>Reported Revenue</b>                   | <b>1,262</b>         | <b>382</b>                    | <b>75</b>                       | <b>135</b>                | <b>(21)</b>               | <b>1,833</b>   |
| > External                                | 1,244                | 379                           | 75                              | 135                       | -                         | 1,833          |
| > Inter-division                          | 18                   | 3                             | -                               | -                         | (21)                      | -              |
| <b>Total front-office costs</b>           | <b>(775)</b>         | <b>(261)</b>                  | <b>(57)</b>                     | <b>(67)</b>               | <b>21</b>                 | <b>(1,139)</b> |
| > External                                | (775)                | (261)                         | (57)                            | (46)                      | -                         | (1,139)        |
| > Inter-division                          | -                    | -                             | -                               | (21)                      | 21                        | -              |
| <b>Contribution</b>                       | <b>487</b>           | <b>121</b>                    | <b>18</b>                       | <b>68</b>                 | <b>-</b>                  | <b>694</b>     |
| <b>Total management and support costs</b> | <b>(268)</b>         | <b>(75)</b>                   | <b>(15)</b>                     | <b>(9)</b>                | <b>(64)</b>               | <b>(431)</b>   |
| Other operating income                    | 2                    | -                             | -                               | -                         | 14                        | (16)           |
| <b>Adjusted operating profit</b>          | <b>221</b>           | <b>46</b>                     | <b>3</b>                        | <b>59</b>                 | <b>50</b>                 | <b>279</b>     |

Corporate centre represents the cost of Group and central functions that are not allocated to the Group's divisions.

Significant items are centrally managed and controlled by the Group and are not allocated to regional or divisional segments.

### Analysis of Significant items

| 2020  | Restructuring and other related costs<br>£m | Disposals, acquisitions and investment in new businesses<br>£m | Goodwill impairment<br>£m | Settlements and provisions in connection with legal and regulatory matters<br>£m | Total<br>£m |
|---|---|--|---------------------------|--|-------------|
| <b>Employment, compensation and benefits costs</b>  | <b>6</b>                                    | <b>-</b>   | <b>-</b>                  | <b>-</b>   | <b>6</b>    |
| Premises and related costs  | 2   | -  | -                         | -  | 2           |
| Deferred consideration  | -   | 2  | -                         | -  | 2           |
| Credit relating to significant legal and regulatory settlements                             | -   | -  | -                         | (3)  | (3)         |
| Pension scheme past service and settlement costs  | 1   | -  | -                         | -  | 1           |
| Acquisition costs   | -   | 11   | -                         | -  | 11          |
| Other general and administration costs  | 9   | -  | -                         | 5  | 14          |
| <b>Total included within general and administration costs</b>                               | <b>12</b>                                   | <b>13</b>  | <b>-</b>                  | <b>2</b>   | <b>27</b>   |
| <b>Depreciation and impairment of property, plant and equipment and right-of-use assets</b> | <b>1</b>                                    | <b>-</b>   | <b>-</b>                  | <b>-</b>   | <b>1</b>    |
| <b>Amortisation and impairment of intangible assets</b>                                     | <b>-</b>                                    | <b>39</b>  | <b>-</b>                  | <b>-</b>   | <b>39</b>   |
| <b>Impairment of other assets</b>   | <b>1</b>                                    | <b>1</b>   | <b>21</b>                 | <b>-</b>   | <b>23</b>   |
| <b>Total included within operating costs</b>  | <b>20</b>                                   | <b>53</b>  | <b>21</b>                 | <b>2</b>   | <b>96</b>   |
| <b>Included in other operating income</b>   | <b>-</b>                                    | <b>-</b>   | <b>-</b>                  | <b>(2)</b>   | <b>(2)</b>  |
| <b>Total Significant items</b>  | <b>20</b>                                   | <b>53</b>  | <b>21</b>                 | <b>-</b>   | <b>94</b>   |

| 2019  | ICAP integration costs<br>£m | Restructuring and other related costs<br>£m | Disposals, acquisitions and investment in new businesses<br>£m | Goodwill impairment<br>£m | Settlements and provisions in connection with legal and regulatory matters<br>£m | Total<br>£m |
|---|------------------------------|---|--|---------------------------|--|-------------|
| <b>Employment, compensation and benefits costs</b>  | 15                           | 3   | 2  | -                         | -  | 20          |
| Premises and related costs  | -                            | 1   | -  | -                         | -  | 1           |
| Deferred consideration  | -                            | -   | 6  | -                         | -  | 6           |
| Adjustments to provisions and contingent liabilities acquired                               | -                            | -   | 3  | -                         | -  | 3           |
| Charge relating to significant legal and regulatory settlements                             | -                            | -   | -  | -                         | 18   | 18          |
| Pension scheme past service and settlement costs  | -                            | 4   | -  | -                         | -  | 4           |
| Acquisition costs   | -                            | -   | 2  | -                         | -  | 2           |
| Other general and administration costs  | 15                           | 3   | 2  | -                         | 1  | 21          |
| <b>Total included within general and administration costs</b>                               | <b>15</b>                    | <b>8</b>                                    | <b>13</b>  | <b>-</b>                  | <b>19</b>  | <b>55</b>   |
| <b>Depreciation and impairment of property, plant and equipment and right-of-use assets</b> | <b>4</b>                     | <b>1</b>                                    | <b>-</b>   | <b>-</b>                  | <b>-</b>   | <b>5</b>    |
| <b>Amortisation and impairment of intangible assets</b>                                     | <b>-</b>                     | <b>-</b>                                    | <b>42</b>  | <b>-</b>                  | <b>-</b>   | <b>42</b>   |
| <b>Goodwill impairment</b>  | <b>-</b>                     | <b>-</b>                                    | <b>-</b>   | <b>24</b>                 | <b>-</b>   | <b>24</b>   |
| <b>Total included within operating costs</b>  | <b>34</b>                    | <b>12</b>                                   | <b>57</b>  | <b>24</b>                 | <b>19</b>  | <b>146</b>  |
| <b>Included in other operating income</b>   | <b>-</b>                     | <b>-</b>                                    | <b>-</b>   | <b>-</b>                  | <b>(9)</b>   | <b>(9)</b>  |
| <b>Total Significant items</b>  | <b>34</b>                    | <b>12</b>                                   | <b>57</b>  | <b>24</b>                 | <b>10</b>  | <b>137</b>  |

#### 4. Segmental analysis continued

The Group's reported performance includes significant items. A reconciliation from adjusted operating profit, as considered by CODM, to Group reported performance is included:

##### Adjusted profit reconciliation

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Adjusted operating profit                          | 272        | 279        |
| Significant items                                  | (94)       | (137)      |
| <b>Operating profit</b>                            | <b>178</b> | <b>142</b> |
| Net finance costs                                  | (49)       | (49)       |
| <b>Profit before tax</b>                           | <b>129</b> | <b>93</b>  |
| Taxation on significant items                      | 7          | 15         |
| Taxation on adjusted profit before tax             | (55)       | (55)       |
| <b>Profit after tax</b>                            | <b>81</b>  | <b>53</b>  |
| Share of profit from associates and joint ventures | 16         | 15         |
| <b>Profit for the year</b>                         | <b>97</b>  | <b>68</b>  |

##### Other segmental information

|                          | 2020<br>£m | 2019<br>£m |
|--------------------------|------------|------------|
| <b>Capital additions</b> |            |            |
| EMEA – UK                | 52         | 23         |
| EMEA – Other             | 1          | –          |
| Americas                 | 2          | 4          |
| Asia Pacific             | 1          | 6          |
|                          | <b>56</b>  | <b>33</b>  |

|                                 | 2020<br>£m | 2019<br>£m |
|---------------------------------|------------|------------|
| <b>Share-based compensation</b> |            |            |
| EMEA – UK                       | 4          | 3          |
| Americas                        | 1          | 1          |
| Asia Pacific                    | 1          | 1          |
|                                 | <b>6</b>   | <b>5</b>   |

|                       | Non-current<br>£m | Current<br>£m | 2020<br>£m    | 2019<br>£m    |
|-----------------------|-------------------|---------------|---------------|---------------|
| <b>Segment assets</b> |                   |               |               |               |
| EMEA – UK             | 1,191             | 4,212         | 5,403         | 11,219        |
| EMEA – Other          | 42                | 210           | 252           | 223           |
| Americas              | 521               | 66,228        | 66,749        | 40,280        |
| Asia Pacific          | 167               | 163           | 330           | 343           |
|                       | <b>1,921</b>      | <b>70,813</b> | <b>72,734</b> | <b>52,065</b> |

|                            | Non-current<br>£m | Current<br>£m | 2020<br>£m    | 2019<br>£m    |
|----------------------------|-------------------|---------------|---------------|---------------|
| <b>Segment liabilities</b> |                   |               |               |               |
| EMEA – UK                  | 472               | 3,858         | 4,330         | 10,161        |
| EMEA – Other               | 62                | 171           | 233           | 208           |
| Americas                   | 315               | 65,968        | 66,283        | 39,782        |
| Asia Pacific               | 143               | 47            | 190           | 184           |
|                            | <b>992</b>        | <b>70,044</b> | <b>71,036</b> | <b>50,335</b> |

Segment assets and liabilities exclude all inter-segment balances.

| 2020                                    | EMEA<br>£m | Americas<br>£m | Asia<br>£m | Total<br>£m  |
|---|------------|----------------|------------|--------------|
| <b>Revenue by type</b>                  |            |                |            |              |
| Name Passing brokerage                  | 657        | 416            | 219        | 1,292        |
| Executing Broker brokerage              | 39         | 54             | 3          | 96           |
| Matched Principal brokerage             | 90         | 168            | 3          | 261          |
| Data & Analytics price information fees | 102        | 32             | 11         | 145          |
|   | <b>888</b> | <b>670</b>     | <b>236</b> | <b>1,794</b> |

| 2019                                    | EMEA<br>£m | Americas<br>£m | Asia<br>£m | Total<br>£m |
|---|------------|----------------|------------|-------------|
| <b>Revenue by type</b>                  |            |                |            |             |
| Name Passing brokerage                  | 680        | 417            | 230        | 1,327       |
| Executing Broker brokerage              | 20         | 57             | 4          | 81          |
| Matched Principal brokerage             | 106        | 182            | 2          | 290         |
| Data & Analytics price information fees | 94         | 31             | 10         | 135         |
|   | 900        | 687            | 246        | 1,833       |

## 5. Operating costs

|   | Notes | 2020<br>£m   | 2019<br>£m |
|---|-------|--------------|------------|
| Broker compensation costs   |       | 902          | 900        |
| Other staff costs   |       | 244          | 248        |
| Other share-based payment charge  | 31    | 6            | 5          |
| Charge relating to employee long-term benefits  |       | 1            | 1          |
| <b>Employee compensation and benefits</b>   |       | <b>1,153</b> | 1,154      |
| Technology and related costs  |       | 167          | 158        |
| Premises and related costs  |       | 29           | 27         |
| Adjustments to deferred consideration   | 32    | 2            | 6          |
| Adjustments to provisions and contingent liabilities acquired                               |       | -            | 3          |
| (Credit)/charge relating to significant legal and regulatory settlements                    | 26    | (3)          | 18         |
| Pension scheme past service and settlement costs  | 37    | 1            | 4          |
| Acquisition costs   |       | 11           | 2          |
| Expected credit loss adjustment   |       | (6)          | -          |
| Other administrative costs  |       | 159          | 217        |
| <b>General and administrative expenses</b>  |       | <b>360</b>   | 435        |
| Depreciation of property, plant and equipment   | 15    | 13           | 13         |
| Depreciation of right-of-use assets   | 16    | 23           | 21         |
| Impairment of right-of-use assets   | 16    | 1            | -          |
| <b>Depreciation and impairment of property, plant and equipment and right-of-use assets</b> |       | <b>37</b>    | 34         |
| Amortisation of other intangible assets   | 14    | 20           | 27         |
| Amortisation of intangible assets arising on consolidation                                  | 13    | 39           | 42         |
| <b>Amortisation and impairment of intangibles assets</b>                                    |       | <b>59</b>    | 69         |
| Goodwill impairment   | 13    | 21           | 24         |
| Impairment of finance lease receivables   | 22    | 1            | -          |
| Impairment of associates  | 17    | 1            | -          |
| <b>Impairment of other assets</b>   |       | <b>23</b>    | 24         |
|   |       | <b>1,632</b> | 1,716      |

Net foreign exchange gain amounted to £1m (2019: loss £8m) and are included in 'other administrative costs'.

The analysis of auditor's remuneration is as follows:

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Audit of the Group's annual accounts  | 881          | 462          |
| Audit of the Company's subsidiaries and associates pursuant to legislation                              | 5,446        | 5,679        |
| Total audit fees  | 6,327        | 6,141        |
| Audit related assurance services <sup>1</sup>   | 1,066        | 1,034        |
| Other assurance services <sup>2</sup>   | 69           | 884          |
| Corporate finance services <sup>3</sup>   | 464          | -            |
| Total non-audit fees  | 1,599        | 1,918        |
| Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes | 22           | 22           |

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.

3 Corporate finance fees relate to work undertaken in connection with the Group's re-domiciliation to Jersey and the proposed acquisition of Liquidnet.

## 6. Other operating income

Other operating income include:

|                                     | 2020<br>£m | 2019<br>£m |
|-------------------------------------|------------|------------|
| Business relocation grants          | 3          | 3          |
| Employee related insurance receipts | 2          | 2          |
| Management fees                     | 3          | 1          |
| Legal settlement receipts           | 2          | 9          |
| Other receipts                      | 6          | 10         |
|                                     | <b>16</b>  | 25         |

Other receipts include royalties, rebates, non-employee related insurance proceeds, tax credits and refunds. Costs associated with such items are included in administrative expenses.

## 7. Staff costs

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

|              | 2020<br>No.  | 2019<br>No. |
|--------------|--------------|-------------|
| EMEA         | 2,362        | 2,272       |
| Americas     | 1,518        | 1,549       |
| Asia Pacific | 1,067        | 1,037       |
|              | <b>4,947</b> | 4,858       |

The aggregate employment costs of staff and Directors of the Group were:

|   | 2020<br>£m   | 2019<br>£m |
|---|--------------|------------|
| Wages, salaries, bonuses and incentive payments | 1,041        | 1,048      |
| Social security costs                           | 87           | 84         |
| Defined contribution pension costs (Note 37(c)) | 19           | 17         |
| Share-based compensation expense                | 6            | 5          |
|   | <b>1,153</b> | 1,154      |

## 8. Finance income

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| Interest receivable and similar income          | 2          | 5          |
| Interest receivable on finance leases (Note 22) | 1          | 1          |
|   | <b>3</b>   | 6          |

## 9. Finance costs

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Fees payable on bank and other loan facilities       | 2          | 2          |
| Interest payable on bank and other loans             | 1          | 1          |
| Interest payable on Sterling Notes June 2019         | –          | 2          |
| Interest payable on Sterling Notes January 2024      | 23         | 24         |
| Interest payable on Sterling Notes May 2026          | 13         | 8          |
| Other interest payable                               | 1          | 1          |
| Amortisation of debt issue and bank facility costs   | 1          | 2          |
| Borrowing costs                                      | 41         | 40         |
| Interest payable on lease liabilities (Note 16)      | 11         | 12         |
| Premium on repurchase of Sterling Notes January 2024 | –          | 3          |
|  | <b>52</b>  | 55         |

## 10. Taxation

|                                | 2020<br>£m | 2019<br>£m  |
|--------------------------------|------------|-------------|
| <b>Current tax</b>             |            |             |
| UK corporation tax             | 27         | 23          |
| Overseas tax                   | 27         | 32          |
| Prior year UK corporation tax  | (3)        | (3)         |
| Prior year overseas tax        | -          | -           |
|                                | <b>51</b>  | <b>52</b>   |
| <b>Deferred tax (Note 21)</b>  |            |             |
| Current year                   | (4)        | (12)        |
| Prior year                     | 1          | -           |
|                                | <b>(3)</b> | <b>(12)</b> |
| <b>Tax charge for the year</b> | <b>48</b>  | <b>40</b>   |

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

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| Profit before tax   | 129        | 93         |
| Tax based on the UK corporation tax rate of 19% (2019: 19%) | 25         | 18         |
| Tax effect of items that are not deductible:                |            |            |
| > expenses  | 8          | 12         |
| > impairment of intangible assets arising on consolidation  | 4          | 5          |
| Prior year adjustments                                      | (2)        | (3)        |
| Impact of tax rate change                                   | 4          | -          |
| Impact of overseas tax rates                                | 9          | 8          |
| <b>Tax charge for the year</b>                              | <b>48</b>  | <b>40</b>  |

In addition to the income statement charge, the following current and deferred tax items have been included in other comprehensive income and equity:

|   | Recognised<br>in other<br>comprehensive<br>income<br>£m | Recognised<br>in equity<br>£m | Total<br>£m |
|---|---|-------------------------------|-------------|
| <b>2020</b>   |   |                               |             |
| Deferred tax credit relating to:  |   |                               |             |
| > Decrease in the defined benefit pension scheme surplus (Note 37)          | -   | -                             | -           |
| > Other temporary differences   | 1   | -                             | 1           |
| Tax charge on items taken directly to other comprehensive income and equity | 1   | -                             | 1           |
| <b>2019</b>   |   |                               |             |
| Deferred tax credit relating to:  |   |                               |             |
| > Decrease in the defined benefit pension scheme surplus (Note 37)          | (19)  | -                             | (19)        |
| > Other temporary differences   | -   | -                             | -           |
| Tax credit on items taken directly to other comprehensive income and equity | (19)  | -                             | (19)        |

## 11. Earnings per share

|         | 2020         | 2019  |
|---------|--------------|-------|
| Basic   | <b>17.2p</b> | 12.0p |
| Diluted | <b>17.0p</b> | 11.9p |

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

|                                 | 2020<br>No.(m) | 2019<br>No.(m) |
|---------------------------------|----------------|----------------|
| Basic weighted average shares   | <b>557.0</b>   | 559.4          |
| Contingently issuable shares    | <b>6.9</b>     | 4.2            |
| Diluted weighted average shares | <b>563.9</b>   | 563.6          |

The earnings used in the calculation of basic and diluted earnings per share are set out below:

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| Earnings for the year                                 | <b>97</b>  | 68         |
| Non-controlling interests                             | <b>(1)</b> | (1)        |
| Earnings attributable to equity holders of the parent | <b>96</b>  | 67         |

## 12. Dividends

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Amounts recognised as distributions to equity holders in the year:     |            |            |
| Final dividend for the year ended 31 December 2019 of 11.25p per share | <b>63</b>  | –          |
| Interim dividend for the year ended 31 December 2020 of 5.6p per share | <b>31</b>  | –          |
| 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         |
|  | <b>94</b>  | 94         |

Dividends in respect of the current year and future dividend policy are discussed in the Strategic Report.

During the year, the Trustees of the TP ICAP plc Employee Benefit Trust waived their rights to dividends.

## 13. Intangible assets arising on consolidation

|   | Goodwill<br>£m | Other<br>£m | Total<br>£m  |
|---|----------------|-------------|--------------|
| At 1 January 2020                               | <b>993</b>     | <b>518</b>  | <b>1,511</b> |
| Recognised on acquisitions                      | <b>25</b>      | –           | <b>25</b>    |
| Amortisation of acquisition related intangibles | –              | <b>(39)</b> | <b>(39)</b>  |
| Impairment of acquisition related intangibles   | <b>(21)</b>    | –           | <b>(21)</b>  |
| Effect of movements in exchange rates           | <b>(8)</b>     | <b>(5)</b>  | <b>(13)</b>  |
| At 31 December 2020                             | <b>989</b>     | <b>474</b>  | <b>1,463</b> |
| 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        |

Other intangible assets at 31 December 2020 represent customer relationships, £469m (2019: £506m), business brands and trademarks, £5m (2019: £10m), and other intangibles, £nil (2019: £2m) 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 Group's CGUs are as follows:

|                            | 2020<br>£m | 2019<br>£m |
|----------------------------|------------|------------|
| <b>CGU</b>                 |            |            |
| EMEA                       | <b>686</b> | 663        |
| Americas                   | <b>253</b> | 262        |
| Asia Pacific               | <b>50</b>  | 68         |
| Goodwill allocated to CGUs | <b>989</b> | 993        |

CGUs, to which goodwill has been allocated, are tested for impairment at least annually. Review for indicators of impairment are undertaken at each reporting date. During the year the Group undertook impairment tests as at 30 June and as at 30 September, triggered as a result of sensitivity of the Asia Pacific CGU to reasonable possible changes in cash flow and discount rate assumptions.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of each CGU. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). 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.

The key assumptions for the VIU calculations are those regarding expected regional cash flows arising in future years, regional growth rates and regional discount rates as considered by management. Regional specific assumptions reflect the divisional mix in each region and the size and risk profile of that region. 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 2020, the recoverable amount for the Asia Pacific CGU was estimated to be lower than its carrying value by £21m and was impaired by that amount. Growth rates on underlying revenues were 1.4% (2019: 2.1%) for EMEA, 1.1% (2019: 1.6%) for Americas and 2.0% (2019: 1.2%) for Asia Pacific over the five-year projected period, with pre-tax discount rates of 10.6% (2019: 11.0%) for EMEA, 13.2% (2019: 13.6%) for Americas and 11.6% (2019: 11.6%) for Asia Pacific.

As at 30 September 2020, growth rates on underlying revenues were 1.8% for EMEA, 0.8% for Americas and 1.5% for Asia Pacific over the five-year projected period, with pre-tax discount rates of 11.0% for EMEA, 13.4% for Americas and 11.8% for Asia Pacific. No further impairment was identified.

As at 31 December 2020, the review of the indicators of impairment did not result in a requirement to undertake further impairment testing.

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 result in a reduction in the value of the CGU by £25m and a 1% increase in the discount rate would reduce the value of the CGU by £13m. A permanent 5% reduction in projected 2021 revenues in each CGU would lead to a £52m reduction in the value of the Asia Pacific CGU and result in an impairment of £2m. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

The recoverable amounts of EMEA and Americas CGUs continue to be in excess of their carrying value and are not sensitive to reasonable possible changes in the VIU assumptions.

#### 14. Other intangible assets

|                                       | Purchased software<br>£m | Developed software<br>£m | Total<br>£m |
|---------------------------------------|--------------------------|--------------------------|-------------|
| <b>Cost</b>                           |                          |                          |             |
| At 1 January 2020                     | 23                       | 140                      | 163         |
| Additions                             | -                        | 16                       | 16          |
| Amounts derecognised                  | (1)                      | (6)                      | (7)         |
| Effect of movements in exchange rates | 1                        | (1)                      | -           |
| At 31 December 2020                   | 23                       | 149                      | 172         |
| <b>Accumulated amortisation</b>       |                          |                          |             |
| At 1 January 2020                     | (17)                     | (85)                     | (102)       |
| Charge for the year                   | (3)                      | (17)                     | (20)        |
| Amounts derecognised                  | 1                        | 6                        | 7           |
| Effect of movements in exchange rates | (1)                      | 2                        | 1           |
| At 31 December 2020                   | (20)                     | (94)                     | (114)       |
| <b>Carrying amount</b>                |                          |                          |             |
| At 31 December 2020                   | 3                        | 55                       | 58          |
| <b>Cost</b>                           |                          |                          |             |
| 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         |
| <b>Accumulated amortisation</b>       |                          |                          |             |
| 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)       |
| <b>Carrying amount</b>                |                          |                          |             |
| At 31 December 2019                   | 6                        | 55                       | 61          |

## 15. Property, plant and equipment

|  | Land, buildings<br>and leasehold<br>improvements<br>£m | Furniture,<br>fixtures,<br>equipment and<br>motor vehicles<br>£m | Total<br>£m |
|--|--|--|-------------|
| <b>Cost</b>  |  |  |             |
| At 1 January 2020  | 60   | 74   | 134         |
| Additions  | 6  | 29   | 35          |
| Interest capitalised as leasehold improvements (Note 16)     | 3  | -  | 3           |
| Depreciation capitalised as leasehold improvements (Note 16) | 5  | -  | 5           |
| Disposals  | (1)  | (1)  | (2)         |
| Effect of movements in exchange rates                        | 1  | (1)  | -           |
| At 31 December 2020  | 74   | 101  | 175         |
| <b>Accumulated depreciation</b>                              |  |  |             |
| At 1 January 2020  | (14)   | (48)   | (62)        |
| Charge for the year  | (7)  | (6)  | (13)        |
| Disposals  | 1  | 1  | 2           |
| Effect of movements in exchange rates                        | (2)  | 1  | (1)         |
| At 31 December 2020  | (22)   | (52)   | (74)        |
| <b>Carrying amount</b>                                       |  |  |             |
| At 31 December 2020  | 52   | 49   | 101         |
| <b>Cost</b>  |  |  |             |
| 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         |
| <b>Accumulated depreciation</b>                              |  |  |             |
| 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)        |
| <b>Carrying amount</b>                                       |  |  |             |
| At 31 December 2019  | 46   | 26   | 72          |

## 16. Right-of-use assets

|  | Land, buildings<br>and leasehold<br>improvements<br>£m | Furniture,<br>fixtures,<br>equipment and<br>motor vehicles<br>£m | Total<br>£m |
|--|--|--|-------------|
| At 1 January 2020  | 90   | 1  | 91          |
| Additions  | 82   | –  | 82          |
| Acquired as part of acquisitions                             | 5  | –  | 5           |
| Modifications  | 15   | –  | 15          |
| Depreciation   | (23)   | –  | (23)        |
| Depreciation capitalised as leasehold improvements (Note 15) | (5)  | –  | (5)         |
| Impairment   | (1)  | –  | (1)         |
| Effect of movements in exchange rates                        | (1)  | –  | (1)         |
| At 31 December 2020  | 162  | 1  | 163         |
|  |  |  |             |
|  | Land, buildings<br>and leasehold<br>improvements<br>£m | Furniture,<br>fixtures,<br>equipment and<br>motor vehicles<br>£m | Total<br>£m |
| At 1 January 2019  | 100  | 1  | 101         |
| Additions and modifications                                  | 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 11 years (2019: 10 years).

Additions and modifications to right-of-use assets were £102m, £78m (including stamp duty of £2m) of which is for new leases for the Group's London-based headquarters and broking operations. Under an agreement with the landlord, two existing London property leases will be terminated once the Group has moved its operations to several floors in the newly leased building. The new leases commenced in January and June 2020 at a weighted average incremental borrowing rate of 5.32% and the leased space will be further developed during 2021 enabling the transfer of operations during the first half of 2021. During the development phase of these leased spaces the depreciation and lease interest expense is being capitalised as a direct cost of the leasehold improvements being undertaken. During the period to 31 December 2020 £8m has been capitalised, of which £5m relates to depreciation and £3m to interest in lease liabilities.

The maturity analysis of lease liabilities is presented in Note 25.

### Amounts recognised in profit and loss

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Depreciation expense on right-of-use assets          | 23         | 21         |
| Interest expense on lease liabilities                | 11         | 12         |
| Expense relating to short-term leases                | 1          | 2          |
| Interest income from sub-leasing right-of-use assets | (1)        | (1)        |

At 31 December 2020, the Group is committed to £1m (2019: £2m) for short-term leases (Note 36). The total cash outflow for leases amounts to £38m (2019: £33m) (representing principal repayment of £24m (2019: £24m) and interest of £14m (2019: £12m), of which £3m has been capitalised (2019: nil)).

**17. Investment in associates**

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| At 1 January   | 58         | 53         |
| Additions  | 2          | 5          |
| Transfer to subsidiaries                             | (1)        | –          |
| Impairments  | (1)        | –          |
| Share of profit for the year                         | 12         | 11         |
| Dividends received                                   | (11)       | (8)        |
| Effect of movements in exchange rates                | 2          | (3)        |
| At 31 December                                       | 61         | 58         |
| <b>Summary financial information for associates</b>  |            |            |
| Aggregated amounts (for associates at the year end): |            |            |
| Total assets   | 319        | 267        |
| Total liabilities                                    | (131)      | (87)       |
| Net assets   | 188        | 180        |
| Proportion of Group's ownership interest             | 59         | 56         |
| Goodwill   | 2          | 2          |
| Carrying amount of Group's ownership interest        | 61         | 58         |
| Aggregated amounts (for associates during the year): |            |            |
| Revenue  | 228        | 223        |
| Profit for the year                                  | 37         | 35         |
| Group's share of profit for the year                 | 12         | 11         |
| Dividends received from associates during the year   | 11         | 8          |

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<br>and operation | Associated undertakings                           | Percentage<br>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                           | 28%                |
|   | Zodiac Seven Limited                              | 41.3%              |
| India                                     | ICAP IL India Private Limited <sup>1</sup>        | 40%                |
| Japan                                     | Totan ICAP Co., Ltd <sup>1</sup>                  | 40%                |
|   | Central Totan Securities Co. Ltd <sup>1</sup>     | 20%                |
| Spain                                     | Corretaje e Informacion Monetaria y de Divisas SA | 21.5%              |
| United States                             | First Brokers Securities LLC <sup>1</sup>         | 40%                |

1 31 March year end.

## 18. Investment in joint ventures

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| At 1 January   | 28         | 26         |
| Additions  | 1          | –          |
| Share of result for the year                             | 4          | 4          |
| Dividends received                                       | (2)        | (2)        |
| Effect of movements in exchange rates                    | (2)        | –          |
| At 31 December   | 29         | 28         |
| <b>Summary financial information for joint ventures</b>  |            |            |
| Aggregated amounts (for joint ventures at the year end): |            |            |
| Total assets   | 25         | 22         |
| Total liabilities  | (4)        | (4)        |
| Net assets   | 21         | 18         |
| Proportion of Group's ownership interest                 | 10         | 9          |
| Goodwill   | 19         | 19         |
| Carrying amount of Group's ownership interest            | 29         | 28         |
| Aggregated amounts (for joint ventures during the year): |            |            |
| Revenue  | 14         | 15         |
| Result for the year                                      | 7          | 8          |
| Group's share of result for the year                     | 4          | 4          |
| Dividends received from joint ventures during the year   | 2          | 2          |

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<br>and operation | Joint ventures             | Percentage<br>held |
|---|----------------------------|--------------------|
| Colombia                                  | SET-ICAP FX SA             | 47.9%              |
|   | SET-ICAP Securities S.A.   | 47.4%              |
| Indonesia                                 | PT Electronic IDR Exchange | 49%                |
| Mexico                                    | SIF ICAP, S.A. de C.V.     | 50%                |

## 19. Other investments

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| At 1 January   | 20         | 20         |
| Additions  | –          | 1          |
| Disposals  | (2)        | (1)        |
| Revaluation of equity instruments at FVTOCI            | –          | 1          |
| Effect of movements in exchange rates                  | –          | (1)        |
| At 31 December   | 18         | 20         |
| <b>Categorisation of other investments:</b>            |            |            |
| Debt instruments at FVTOCI – corporate debt securities | 2          | 2          |
| Equity instruments at FVTOCI                           | 16         | 18         |
|  | 18         | 20         |

The fair values are based on valuations as disclosed in Note 28(h). Equity instruments comprise securities that do not qualify as associates or joint ventures.

**20. Financial investments**

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Debt instruments at FVTOCI – Government debt securities            | <b>87</b>  | 87         |
| Investments at amortised cost – Term deposits and restricted funds | <b>40</b>  | 61         |
|  | <b>127</b> | 148        |

Debt instruments, term deposits and restricted funds are liquid instruments held with financial institutions and central counterparty clearing houses providing the Group with access to clearing services.

**21. Deferred tax**

|                          | 2020<br>£m  | 2019<br>£m |
|--------------------------|-------------|------------|
| Deferred tax assets      | <b>4</b>    | 3          |
| Deferred tax liabilities | <b>(79)</b> | (83)       |
|                          | <b>(75)</b> | (80)       |

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

|  | 2020<br>£m  | 2019<br>£m |
|--|-------------|------------|
| At 1 January   | <b>(80)</b> | (119)      |
| Credit to income for the year                              | <b>3</b>    | 12         |
| (Charge)/credit to other comprehensive income for the year | <b>(1)</b>  | 19         |
| Effect of movements in exchange rates                      | <b>3</b>    | 8          |
| At 31 December   | <b>(75)</b> | (80)       |

## 21. Deferred tax continued

Deferred tax balances and movements thereon are analysed as:

|  | At<br>1 January<br>£m | Recognised<br>in equity<br>£m | Recognised<br>in profit<br>or loss<br>£m | Recognised<br>in other<br>comprehensive<br>income<br>£m | Recognised<br>with<br>acquisitions<br>£m | Effect of<br>movements<br>in exchange<br>rates<br>£m | At<br>31 December<br>£m |
|--|-----------------------|-------------------------------|--|---|--|--|-------------------------|
| <b>2020</b>                                |                       |                               |  |   |  |  |                         |
| Share-based payment awards                 | 4                     | -                             | (1)                                      | -   | -  | -  | 3                       |
| Defined benefit pension scheme             | -                     | -                             | -  | -   | -  | -  | -                       |
| Tax losses                                 | 3                     | -                             | 2  | -   | -  | -  | 5                       |
| Bonuses                                    | 9                     | -                             | -  | -   | -  | -  | 9                       |
| Intangible assets arising on consolidation | (105)                 | -                             | 2  | -   | -  | 2  | (101)                   |
| Other timing differences                   | 9                     | -                             | -  | (1)   | -  | 1  | 9                       |
|  | <b>(80)</b>           | -                             | <b>3</b>                                 | <b>(1)</b>  | -  | <b>3</b>   | <b>(75)</b>             |
| <b>2019</b>                                |                       |                               |  |   |  |  |                         |
| 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                       |
|  | <b>(119)</b>          | -                             | <b>12</b>                                | <b>19</b>   | -  | <b>8</b>   | <b>(80)</b>             |

At the balance sheet date, the Group has gross unrecognised temporary differences of £107m with the unrecognised net tax amount being £23m (2019: gross £144m and net tax £30m respectively). This includes gross tax losses of £103m with the net tax amount being £22m (2019: gross £131m and net tax £27m respectively), which are potentially available for offset against future profits. Of the unrecognised gross losses £24m (2019: £41m) are expected to expire within 20 years and £79m (2019: £90m) have no expiry date. 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.

The net deferred tax position at 31 December 2020 includes a deferred tax asset of £5m (2019: £3m) in respect of losses which has been recognised as at 31 December 2020 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 (2019: £2m) in respect of unremitted profits of subsidiaries of £27m (2019: £25m).

On 3 March 2021, the UK Government announced a proposed increase in the rate of corporation tax from 19% to 25%, effective from 1 April 2023. If the increase in corporation tax rate is enacted as announced, there is expected to be a £17m increase in the deferred tax liability recognised in respect of intangible fixed assets, based on the deferred tax liability as at 31 December 2020, with the corresponding charge to the income statement being classified within tax on significant items. This will be partially offset by a £3m increase in the deferred tax asset recognised in respect of other temporary differences, with the corresponding credit to the income statement being classified within tax on adjusted profit before tax.



## 22. Trade and other receivables

|                                       | 2020<br>£m    | 2019<br>£m |
|---------------------------------------|---------------|------------|
| <b>Non-current receivables</b>        |               |            |
| Finance lease receivables             | 5             | 7          |
| Other receivables                     | 19            | 19         |
|                                       | <b>24</b>     | 26         |
| <b>Current receivables</b>            |               |            |
| Trade receivables                     | 301           | 301        |
| Settlement balances                   | 68,487        | 48,295     |
| Deposits paid for securities borrowed | 1,115         | 652        |
| Finance lease receivables             | 1             | 1          |
| Other debtors                         | 15            | 17         |
| Accrued income                        | 11            | 10         |
| Owed by associates and joint ventures | 5             | 3          |
| Prepayments                           | 90            | 91         |
| Corporation tax                       | 2             | 1          |
|                                       | <b>70,027</b> | 49,371     |

The Directors consider the carrying amount of trade and other receivables which are not held at fair value through profit or loss approximate to their fair values as they are short term in nature. No interest is charged on outstanding trade receivables.

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.

|                                  | Total<br>£m | Not past due<br>£m | Less than<br>30 days<br>past due<br>£m | 31 – 60<br>days<br>past due<br>£m | 61 – 90<br>days<br>past due<br>£m | Greater than<br>91 days<br>past due<br>£m |
|----------------------------------|-------------|--------------------|--|-----------------------------------|-----------------------------------|---|
| <b>Trade receivables</b>         |             |                    |  |                                   |                                   |   |
| <b>2020</b>                      |             |                    |  |                                   |                                   |   |
| EMEA                             | 170         | 87                 | 20                                     | 13                                | 7                                 | 43  |
| Americas                         | 99          | 45                 | 18                                     | 9                                 | 6                                 | 21  |
| Asia Pacific                     | 37          | 21                 | 4                                      | 3                                 | 2                                 | 7   |
| Gross balances outstanding       | <b>306</b>  | <b>153</b>         | <b>42</b>                              | <b>25</b>                         | <b>15</b>                         | <b>71</b>                                 |
| <b>Expected credit loss rate</b> |             | %                  | %                                      | %                                 | %                                 | %   |
| EMEA                             |             | 0.09               | 0.69                                   | 0.81                              | 1.56                              | 3.79                                      |
| Americas                         |             | 0.18               | 0.38                                   | 0.51                              | 0.92                              | 6.75                                      |
| Asia Pacific                     |             | 0.35               | 1.23                                   | 1.33                              | 3.25                              | 14.73                                     |
| Lifetime ECL                     | (5)         |                    |  |                                   |                                   |   |
|                                  | <b>301</b>  |                    |  |                                   |                                   |   |
| <b>2019</b>                      |             |                    |  |                                   |                                   |   |
| 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       | <b>313</b>  | <b>114</b>         | <b>59</b>                              | <b>39</b>                         | <b>25</b>                         | <b>76</b>                                 |
| <b>Expected credit loss rate</b> |             | %                  | %                                      | %                                 | %                                 | %   |
| 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)        |                    |  |                                   |                                   |   |
|                                  | <b>301</b>  |                    |  |                                   |                                   |   |

## 22. Trade and other receivables continued

As at 31 December settlement balances that were due and those that were past due were as follows:

| Settlement balances | Total<br>£m   | Not past due<br>£m | Less than<br>90 days<br>past due<br>£m | Greater than<br>91 days<br>past due<br>£m |
|---------------------|---------------|--------------------|--|---|
| <b>2020</b>         |               |                    |  |   |
| EMEA                | 3,710         | 3,708              | 2                                      | –   |
| Americas            | 64,777        | 64,777             | –                                      | –   |
| <b>Total</b>        | <b>68,487</b> | <b>68,485</b>      | <b>2</b>                               | <b>–</b>                                  |
| <b>2019</b>         |               |                    |  |   |
| EMEA                | 9,636         | 9,636              | –                                      | –   |
| Americas            | 38,659        | 38,657             | 2                                      | –   |
| <b>Total</b>        | <b>48,295</b> | <b>48,293</b>      | <b>2</b>                               | <b>–</b>                                  |

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, 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 2020, the provision for expected credit losses amounted to less than £1m (2019: 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 2020, the provision for expected credit losses amounted to less than £1m (2019: less than £1m).

Amounts receivable under finance leases:

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Year 1                                     | 1          | 1          |
| Year 2                                     | 2          | 2          |
| Year 3                                     | 1          | 2          |
| Year 4                                     | 1          | 2          |
| Year 5                                     | 1          | 1          |
| Onwards                                    | 1          | 2          |
| Undiscounted lease payments                | 7          | 10         |
| Less: unearned finance income              | (1)        | (2)        |
| Present value of lease payments receivable | 6          | 8          |
| <b>Net investment in the lease</b>         | <b>6</b>   | <b>8</b>   |

Undiscounted lease payments analysed as:

|                              | 2020<br>£m | 2019<br>£m |
|------------------------------|------------|------------|
| Recoverable after 12 months  | 6          | 9          |
| Recoverable within 12 months | 1          | 1          |

Net investment in the lease analysed as:

|                              | 2020<br>£m | 2019<br>£m |
|------------------------------|------------|------------|
| Recoverable after 12 months  | 5          | 7          |
| Recoverable within 12 months | 1          | 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.

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Impairment of finance lease receivables                | (1)        | -          |
| Finance income on the net investment in finance leases | 1          | 1          |

The Group's finance lease arrangements do not include variable payments.

The average effective interest rate contracted approximates 8.73% 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

|   | 2020<br>£m    | 2019<br>£m    |
|---|---------------|---------------|
| Trade payables                          | 23            | 25            |
| Settlement balances                     | 68,476        | 48,275        |
| Deposits received for securities loaned | 1,106         | 652           |
| Deferred consideration (Note 32(d))     | 12            | 23            |
| Other creditors                         | 13            | 15            |
| Accruals                                | 270           | 289           |
| Owed to associates and joint ventures   | 3             | 3             |
| Tax and social security                 | 23            | 22            |
| Deferred income                         | 1             | 1             |
|   | <b>69,927</b> | <b>49,305</b> |

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. Loans and borrowings

|                             | Less than<br>one year<br>£m | Greater than<br>one year<br>£m | Total<br>£m |
|-----------------------------|-----------------------------|--------------------------------|-------------|
| <b>2020</b>                 |                             |                                |             |
| Overdrafts                  | 7                           | -                              | 7           |
| Loans from related party    | 28                          | -                              | 28          |
| Sterling Notes January 2024 | 10                          | 430                            | 440         |
| Sterling Notes May 2026     | 1                           | 249                            | 250         |
|                             | <b>46</b>                   | <b>679</b>                     | <b>725</b>  |
| <b>2019</b>                 |                             |                                |             |
| Sterling Notes January 2024 | 10                          | 430                            | 440         |
| Sterling Notes May 2026     | 1                           | 248                            | 249         |
|                             | 11                          | 678                            | 689         |

All amounts are stated after unamortised transaction costs. An analysis of borrowings by maturity has been disclosed in Note 28(e).

#### Overdrafts

Overdrafts arising as a result of settling security transactions pending the completion of the onward sale.

## 24. Loans and borrowings continued

### Bank credit facilities and bank loans

The Group has a £270m committed revolving facility that matures in December 2023. Facility commitment fees of 0.8% on the undrawn balance are payable on the facility. Arrangement fees of £3m are being amortised over the maturity of the facility.

As at 31 December 2020, the revolving credit facility was undrawn. Amounts drawn down are reported as bank loans in the above table. Bank loans are denominated in Sterling. During the year, the maximum amount drawn was £161m (2019: £39m), and the average amount drawn was £39m. The Group utilises the credit facility throughout the year, entering into numerous short-term bank loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net in the Group's cash flow statement in accordance with IAS 7 'Cash Flow'.

Interest and facility fees of £3m were incurred in 2020 (2019: £3m).

### Loans from related parties

In August 2020, the Group entered into a Yen 10bn committed facility with The Tokyo Tanshi Co., Ltd, a related party, that matures in February 2023. As at 31 December, the 10bn Yen committed facility equated to £71m. Facility commitment fees of 0.64% on the undrawn balance are payable on the facility. Arrangement fees of less than £1m are being amortised over the maturity of the facility.

As at 31 December 2020, Yen 4bn (£28m) of the facility was drawn. The Directors consider that the carrying amount of the loan which is not held at fair value through profit or loss approximates to its fair value. During the year, the maximum amount drawn was £75m, and the average amount drawn was £36m. The Group utilises the credit facility throughout the year, entering into numerous short-term bank loans where maturities are less than three months. The turnover is quick and the volume is large and resultant flows are presented net in the Group's cash flow statement in accordance with IAS 7 'Cash Flow'.

Interest and facility fees of less than £1m were incurred in 2020.

Amounts drawn down are reported as loans from related parties in the above table.

### 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% payable semi-annually, subject to compliance with the terms of the Notes. In May 2019, the Group repurchased £69m of the Notes. At 31 December 2020, the fair value of the Notes (Level 1) was £473m. Accrued interest at 31 December 2020 amounted to £10m. Unamortised issue costs were £1m.

Interest of £23m was incurred in 2020 (2019: £24m). The amortisation expense of issue costs in 2020 and 2019 were less than £1m.

### 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 2020 the fair value of the Notes (Level 1) was £284m. Accrued interest at 31 December 2020 amounted to £1m. Unamortised issue costs were £1m.

Interest of £13m was incurred in 2020 (2019: £8m). Issue costs of £1m were incurred in 2019 and their amortisation expense in 2020 and 2019 was less than £1m.

## 25. Lease liabilities

### Maturity analysis

|                               | 2020<br>£m | 2019<br>£m |
|-------------------------------|------------|------------|
| Year 1                        | 38         | 33         |
| Year 2                        | 30         | 25         |
| Year 3                        | 29         | 21         |
| Year 4                        | 24         | 20         |
| Year 5                        | 31         | 15         |
| Onwards                       | 137        | 91         |
|                               | 289        | 205        |
| Less: future interest expense | (77)       | (65)       |
|                               | 212        | 140        |

### Analysed as:

|                                     | 2020<br>£m | 2019<br>£m |
|-------------------------------------|------------|------------|
| Included in current liabilities     | 26         | 23         |
| Included in non-current liabilities | 186        | 117        |
|                                     | 212        | 140        |

## 26. Provisions

|   | Property<br>£m | Restructuring<br>£m | Legal<br>and other<br>£m | Total<br>£m        |
|---|----------------|---------------------|--------------------------|--------------------|
| <b>2020</b>   |                |                     |                          |                    |
| At 1 January 2020   | 6              | 8                   | 33                       | 47                 |
| Charge/(credit) to income statement                           | 2              | 8                   | (5)                      | 5                  |
| Utilisation of provision                                      | (1)            | (7)                 | (4)                      | (12)               |
| Effect of movements in exchange rates                         | -              | -                   | -                        | -                  |
| At 31 December 2020   | 7              | 9                   | 24                       | 40                 |
| <b>2019</b>   |                |                     |                          |                    |
| At 1 January 2019   | 14             | 10                  | 37                       | 61                 |
| Adoption of IFRS 16:  |                |                     |                          |                    |
| > onerous lease provisions offset against right-of-use assets | (7)            | -                   | -                        | (7)                |
| Charge to income statement                                    | -              | 8                   | 23                       | 31                 |
| Utilisation of provision                                      | -              | (10)                | (26)                     | (36)               |
| Effect of movements in exchange rates                         | (1)            | -                   | (1)                      | (2)                |
| At 31 December 2019   | 6              | 8                   | 33                       | 47                 |
|   |                |                     | <b>2020<br/>£m</b>       | <b>2019<br/>£m</b> |
| Included in current liabilities                               |                |                     | 17                       | 21                 |
| Included in non-current liabilities                           |                |                     | 23                       | 26                 |
|   |                |                     | <b>40</b>                | <b>47</b>          |

Property provisions outstanding as at 31 December 2020 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 1 January 2019 were offset against the right-of-use asset arising on the adoption of IFRS 16.

Restructuring provisions outstanding as at 31 December 2020 relate to termination and other employee related costs. The movement during the year reflects the actions taken under the Group's restructuring initiatives. It is expected that the remaining obligations will be discharged during 2021.

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 €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. Whilst 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 stood 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. Based on the latest review, the Group updated the provision to €6.5m (£6m) in December 2020.

### IFUS

On 11 May 2020, Tullett Prebon (Europe) Ltd ('TPE') received notice of the instigation of disciplinary proceedings by ICE Futures U.S. ('IFUS') relating to activities undertaken between March 2018 and September 2019. Following engagement and consultation with IFUS, TPE agreed a settlement with IFUS dated 13 August 2020 under which TPE agreed and paid a fine of less than USD 1m (less than £1m) in respect of failures of block trades, general record requirements, order ticket requirements, minimum quantity requirements, disclosure of customer identity and failure to supervise. As part of that agreement TPE agreed to enhance its compliance manual, take reasonable proactive and appropriate measures to be in compliance with Exchange Rules, conduct training covering Exchange Rules and to require all TPE brokers to acknowledge receipt and understanding of such training and to cooperate with periodic audits of TPE compliance in connection with Exchange Rules.

## 27. Other long term payables

|                                     | 2020<br>£m | 2019<br>£m |
|-------------------------------------|------------|------------|
| Accruals and deferred income        | 4          | 3          |
| Deferred consideration (Note 32(d)) | 19         | 18         |
|                                     | <b>23</b>  | 21         |

## 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 42. Following the re-domiciliation to Jersey and the subsequent reorganisation of the legal structure of the Group, see contents page of the inside cover of the Annual Report, the Group will no longer be subject to the consolidated capital adequacy requirements under CRD IV and as a result the 'Financial Holding Company test' and CRD IV waiver requirements of the FCA will no longer be applicable. The FCA will become the lead regulator of the Group's sub-consolidated EMEA activities, headed by the UK, for which the consolidated capital adequacy requirements will apply under CRD IV.

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 short-term liquidity requirement, the firm has recourse to existing global cash resources, after which it could draw down on its £270m committed revolving credit facility and Yen 10bn (£71m) committed facility with The Tokyo Mitsubishi Bank, Ltd as additional contingency funding, less any amounts earmarked to fund proposed acquisitions.

### (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. Dividends paid during the year are disclosed in Note 12 and the dividend policy is discussed in the Strategic Report.

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 (see Note 28(a) regarding the impact of the re-domiciliation of the Group to Jersey and subsequent reorganisation of the legal structure of the Group). 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. In addition to subsidiaries fulfilling their regulatory obligations, the Group undertakes periodic reviews of the current and projected regulatory requirements of each of these entities.

## (c) Categorisation of financial assets and liabilities

| Financial assets   | FVTOCI<br>debt<br>instruments<br>£m | FVTOCI<br>equity<br>instruments<br>£m | FVTOCI<br>derivatives<br>designated as<br>hedging<br>instruments<br>£m | Amortised<br>cost<br>£m | Total<br>carrying<br>amount<br>£m |
|--|-------------------------------------|---------------------------------------|--|-------------------------|-----------------------------------|
| <b>2020</b>  |                                     |                                       |  |                         |                                   |
| <b>Non-current financial assets measured at fair value</b>             |                                     |                                       |  |                         |                                   |
| Equity securities  | -                                   | 16                                    | -  | -                       | 16                                |
| Corporate debt securities  | 2                                   | -                                     | -  | -                       | 2                                 |
| <b>Non-current financial assets not measured at fair value</b>         |                                     |                                       |  |                         |                                   |
| Finance lease receivables  | -                                   | -                                     | -  | 5                       | 5                                 |
|  | <b>2</b>                            | <b>16</b>                             | <b>-</b>   | <b>5</b>                | <b>23</b>                         |
| <b>Current financial assets measured at fair value</b>                 |                                     |                                       |  |                         |                                   |
| Derivative instruments   | -                                   | -                                     | 3  | -                       | 3                                 |
| Government debt securities   | 87                                  | -                                     | -  | -                       | 87                                |
| <b>Current financial assets not measured at fair value<sup>1</sup></b> |                                     |                                       |  |                         |                                   |
| Term deposits  | -                                   | -                                     | -  | 40                      | 40                                |
| Other debtors  | -                                   | -                                     | -  | 15                      | 15                                |
| Accrued income   | -                                   | -                                     | -  | 11                      | 11                                |
| Owed by associates and joint ventures                                  | -                                   | -                                     | -  | 5                       | 5                                 |
| Trade receivables  | -                                   | -                                     | -  | 301                     | 301                               |
| Settlement balances receivable   | -                                   | -                                     | -  | 68,487                  | 68,487                            |
| Deposits paid for securities borrowed                                  | -                                   | -                                     | -  | 1,115                   | 1,115                             |
| Finance lease receivables  | -                                   | -                                     | -  | 1                       | 1                                 |
| Cash and cash equivalents  | -                                   | -                                     | -  | 656                     | 656                               |
|  | <b>87</b>                           | <b>-</b>                              | <b>3</b>   | <b>70,631</b>           | <b>70,721</b>                     |
| <b>Total financial assets</b>  | <b>89</b>                           | <b>16</b>                             | <b>3</b>   | <b>70,636</b>           | <b>70,744</b>                     |

| Financial assets   | FVTOCI<br>debt<br>instruments<br>£m | FVTOCI<br>equity<br>instruments<br>£m | FVTOCI<br>derivatives<br>designated as<br>hedging<br>instruments<br>£m | Amortised<br>cost<br>(Restated)<br>£m | Total<br>carrying<br>amount<br>(Restated)<br>£m |
|--|-------------------------------------|---------------------------------------|--|---------------------------------------|---|
| <b>2019</b>  |                                     |                                       |  |                                       |   |
| <b>Non-current financial assets measured at fair value</b>             |                                     |                                       |  |                                       |   |
| Equity securities  | -                                   | 18                                    | -  | -                                     | 18  |
| Corporate debt securities  | 2                                   | -                                     | -  | -                                     | 2   |
| <b>Non-current financial assets not measured at fair value</b>         |                                     |                                       |  |                                       |   |
| Finance lease receivables  | -                                   | -                                     | -  | 7                                     | 7   |
|  | <b>2</b>                            | <b>18</b>                             | <b>-</b>   | <b>7</b>                              | <b>27</b>                                       |
| <b>Current financial assets measured at fair value</b>                 |                                     |                                       |  |                                       |   |
| Derivative instruments   | -                                   | -                                     | -  | -                                     | -   |
| Government debt securities   | 87                                  | -                                     | -  | -                                     | 87  |
| <b>Current financial assets not measured at fair value<sup>1</sup></b> |                                     |                                       |  |                                       |   |
| Term deposits  | -                                   | -                                     | -  | 51                                    | 51  |
| Other debtors <sup>2</sup>   | -                                   | -                                     | -  | 17                                    | 17  |
| Accrued income <sup>2</sup>  | -                                   | -                                     | -  | 10                                    | 10  |
| Owed by associates and joint ventures <sup>2</sup>                     | -                                   | -                                     | -  | 3                                     | 3   |
| 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   |
|  | <b>87</b>                           | <b>-</b>                              | <b>-</b>   | <b>50,016</b>                         | <b>50,103</b>                                   |
| <b>Total financial assets</b>  | <b>89</b>                           | <b>18</b>                             | <b>-</b>   | <b>50,023</b>                         | <b>50,130</b>                                   |

1 Financial assets are initially measured at fair value.

2 Restated to include as financial assets.

**28. Financial instruments** continued

**(c) Categorisation of financial assets and liabilities** continued

| Financial liabilities   | Mandatorily at FVTPL |               | Other financial liabilities |               | Total carrying amount<br>£m |
|---|----------------------|---------------|-----------------------------|---------------|-----------------------------|
|   | Non-current<br>£m    | Current<br>£m | Non-current<br>£m           | Current<br>£m |                             |
| <b>2020</b>   |                      |               |                             |               |                             |
| <b>Financial liabilities measured at fair value</b>                 |                      |               |                             |               |                             |
| Deferred consideration  | 19                   | 12            | -                           | -             | 31                          |
|   | 19                   | 12            | -                           | -             | 31                          |
| <b>Financial liabilities not measured at fair value<sup>1</sup></b> |                      |               |                             |               |                             |
| Overdraft   | -                    | -             | -                           | 7             | 7                           |
| Loans with related parties  | -                    | -             | -                           | 28            | 28                          |
| Sterling Notes January 2024   | -                    | -             | 430                         | 10            | 440                         |
| Sterling Notes May 2026   | -                    | -             | 249                         | 1             | 250                         |
| Other creditors   | -                    | -             | -                           | 13            | 13                          |
| Accruals <sup>2</sup>   | -                    | -             | -                           | 75            | 75                          |
| Owed to associate and joint ventures                                | -                    | -             | -                           | 3             | 3                           |
| Trade payables  | -                    | -             | -                           | 23            | 23                          |
| Settlement balances payable   | -                    | -             | -                           | 68,476        | 68,476                      |
| Deposits received for securities loaned                             | -                    | -             | -                           | 1,106         | 1,106                       |
| Lease liabilities   | -                    | -             | 186                         | 26            | 212                         |
|   | -                    | -             | 865                         | 69,768        | 70,633                      |
| <b>Total financial liabilities</b>                                  | <b>19</b>            | <b>12</b>     | <b>865</b>                  | <b>69,768</b> | <b>70,664</b>               |

| Financial liabilities   | Mandatorily at FVTPL |               | Other financial liabilities |                             | Total carrying amount<br>(Restated)<br>£m |
|---|----------------------|---------------|-----------------------------|-----------------------------|---|
|   | Non-current<br>£m    | Current<br>£m | Non-current<br>£m           | Current<br>(Restated)<br>£m |   |
| <b>2019</b>   |                      |               |                             |                             |   |
| <b>Financial liabilities measured at fair value</b>                 |                      |               |                             |                             |   |
| Deferred consideration  | 18                   | 23            | -                           | -                           | 41  |
|   | 18                   | 23            | -                           | -                           | 41  |
| <b>Financial liabilities not measured at fair value<sup>1</sup></b> |                      |               |                             |                             |   |
| Sterling Notes January 2024   | -                    | -             | 430                         | 10                          | 440                                       |
| Sterling Notes May 2026   | -                    | -             | 248                         | 1                           | 249                                       |
| Other creditors <sup>2</sup>  | -                    | -             | -                           | 15                          | 15  |
| Accruals <sup>2</sup>   | -                    | -             | -                           | 72                          | 72  |
| Owed to associate and joint ventures <sup>2</sup>                   | -                    | -             | -                           | 3                           | 3   |
| Trade payables  | -                    | -             | -                           | 25                          | 25  |
| Settlement balances payable   | -                    | -             | -                           | 48,275                      | 48,275                                    |
| Deposits received for securities loaned                             | -                    | -             | -                           | 652                         | 652                                       |
| Lease liabilities   | -                    | -             | 117                         | 23                          | 140                                       |
|   | -                    | -             | 795                         | 49,076                      | 49,871                                    |
| <b>Total financial liabilities</b>                                  | <b>18</b>            | <b>23</b>     | <b>795</b>                  | <b>49,076</b>               | <b>49,912</b>                             |

<sup>1</sup> Financial liabilities are measured at fair value on initial recognition.

<sup>2</sup> Restated to include as financial liabilities. The remaining accruals of £195m (2019: £217m) are not recorded as financial liabilities.

**(d) Credit risk**

The Group is exposed to credit risk in the event of default 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 counterparties 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, 67% of the Group's counterparty exposure is to investment grade counterparties (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 counterparties 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, 91% of the Group's counterparty exposure is to investment grade counterparties. 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, 60% of the Group's counterparty exposure is to investment grade counterparties (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, 96% 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.

### (e) 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<br>3 months<br>£m               | Due<br>between<br>3 months<br>and<br>12 months<br>£m | Due<br>between<br>1 year and<br>5 years<br>£m | Due<br>after<br>5 years<br>£m | Total<br>£m               |
|---|--|--|---|-------------------------------|---------------------------|
| <b>2020</b>                                       |  |  |   |                               |                           |
| Settlement balances                               | 68,476                                     | -  | -   | -                             | 68,476                    |
| Deposits received for securities loaned           | 1,106                                      | -  | -   | -                             | 1,106                     |
| Trade payables                                    | 23   | -  | -   | -                             | 23                        |
| Other creditors                                   | 13   | -  | -   | -                             | 13                        |
| Accruals  | 75   | -  | -   | -                             | 75                        |
| Owed to associate and joint ventures              | 3  | -  | -   | -                             | 3                         |
| Lease liabilities                                 | 11   | 27   | 114   | 137                           | 289                       |
| Overdraft   | 7  | -  | -   | -                             | 7                         |
| Related party loan                                | 28   | -  | -   | -                             | 28                        |
| Sterling Notes January 2024                       | 11   | 11   | 488   | -                             | 510                       |
| Sterling Notes May 2026                           | -  | 13   | 52  | 257                           | 322                       |
| Deferred consideration                            | 9  | 3  | 19  | -                             | 31                        |
|   | <b>69,762</b>                              | <b>54</b>  | <b>673</b>                                    | <b>394</b>                    | <b>70,883</b>             |
|   |  |  |   |                               |                           |
|   | Due within<br>3 months<br>(Restated)<br>£m | Due<br>between<br>3 months<br>and<br>12 months<br>£m | Due<br>between<br>1 year and<br>5 years<br>£m | Due<br>after<br>5 years<br>£m | Total<br>(Restated)<br>£m |
| <b>2019</b>                                       |  |  |   |                               |                           |
| Settlement balances                               | 48,275                                     | -  | -   | -                             | 48,275                    |
| Deposits received for securities loaned           | 652  | -  | -   | -                             | 652                       |
| Trade payables                                    | 22   | 3  | -   | -                             | 25                        |
| Other creditors <sup>1</sup>                      | 15   | -  | -   | -                             | 15                        |
| Accruals <sup>1</sup>                             | 72   | -  | -   | -                             | 72                        |
| Owed to associate and joint ventures <sup>1</sup> | 3  | -  | -   | -                             | 3                         |
| Lease liabilities                                 | 9  | 24   | 81  | 91                            | 205                       |
| Sterling Notes January 2024                       | 11   | 11   | 533   | -                             | 555                       |
| Sterling Notes May 2026                           | -  | 7  | 59  | 270                           | 336                       |
| Deferred consideration                            | 6  | 18   | 13  | 4                             | 41                        |
|   | <b>49,065</b>                              | <b>63</b>  | <b>686</b>                                    | <b>365</b>                    | <b>50,179</b>             |

1 Restated to include as financial liabilities.

## 28. Financial instruments continued

### (f) 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 following exchange rates against Sterling, the effects would be as follows:

|           | Change in foreign currency financial assets and liabilities – profit or loss |            | Change in translation of foreign operations – equity |                        |
|-----------|--|------------|--|------------------------|
|           | 2020<br>£m   | 2019<br>£m | 2020<br>£m   | 2019<br>Restated<br>£m |
| Currency: |  |            |  |                        |
| > USD     | (5)  | (4)        | (35)   | (80)                   |
| > EUR     | (4)  | (4)        | (6)  | (4)                    |
| > SGD     | -  | -          | (9)  | (8)                    |
| > HKD     | -  | -          | (4)  | (5)                    |
| > JPY     | -  | -          | (4)  | (3)                    |
| > AUD     | -  | -          | (2)  | (2)                    |

### (f) Foreign currency sensitivity analysis continued

Unless specifically hedged, the Group would experience equal and opposite foreign exchange movements should the currencies strengthen against Sterling.

As at 31 December 2020 the Group held US currency options, with a fair value of £3m and an average strike price of US\$1.40 that are designated as a net investment hedge against US\$600m of the Group's US denominated assets. The options expire in April 2021.

### (g) 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:

|                                   | 2020          |               | 2019          |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | +100pts<br>£m | -100pts<br>£m | +100pts<br>£m | -100pts<br>£m |
| Income/(expense) arising on:      |               |               |               |               |
| > floating rate assets            | 7             | (7)           | 7             | (7)           |
| > floating rate liabilities       | -             | -             | (1)           | 1             |
| Net income/(expense) for the year | 7             | (7)           | 6             | (6)           |

### (h) 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<br>£m | Level 2<br>£m | Level 3<br>£m | Total<br>£m |
|---|---------------|---------------|---------------|-------------|
| <b>2020</b>   |               |               |               |             |
| <b>Financial assets measured at fair value</b>      |               |               |               |             |
| Equity instruments                                  | -             | 7             | 9             | 16          |
| Corporate debt securities                           | -             | -             | 2             | 2           |
| Government debt securities                          | 87            | -             | -             | 87          |
| Derivative instruments                              | -             | 3             | -             | 3           |
| <b>Financial liabilities measured at fair value</b> |               |               |               |             |
| Deferred consideration                              | -             | (5)           | (26)          | (31)        |
|   | 87            | 5             | (15)          | 77          |

|   | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m | Total<br>£m |
|---|---------------|---------------|---------------|-------------|
| 2019  |               |               |               |             |
| <b>Financial assets measured at fair value</b>      |               |               |               |             |
| Equity instruments                                  | 3             | 8             | 7             | 18          |
| Corporate debt securities                           | -             | -             | 2             | 2           |
| Government debt securities                          | 87            | -             | -             | 87          |
| <b>Financial liabilities measured at fair value</b> |               |               |               |             |
| Deferred consideration                              | -             | (16)          | (25)          | (41)        |
|   | 90            | (8)           | (16)          | 66          |

In deriving the fair value of equity and derivative instruments valuation models were used which incorporated observable market data. There were no significant inputs used in these models that were unobservable. There is no material sensitivity to unobservable inputs used in these models.

The fair value of deferred consideration is based on valuation models incorporating unobservable inputs reflecting the estimated performance conditions specific to each acquisition. As inputs are acquisition specific outcomes can vary from that used to estimate fair values at a reporting date. Where deferred consideration is non-contingent, or where conditions have been met but unsettled at the year end, such amounts are included as level 2.

There were no transfers between Level 1 and 2 during the year. In 2020, £2m of equity instruments were transferred from Level 2 to Level 3 as the inputs relating to that balance were unobservable as at 31 December 2020.

Reconciliation of Level 3 fair value measurements of financial assets:

|  | Equity<br>instruments<br>(at FVTOCI)<br>£m | Debt securities<br>(at FVTOCI)<br>£m | Deferred<br>consideration<br>(at FVTPL)<br>£m | 2020<br>Total<br>£m | 2019<br>Total<br>£m |
|--|--|--------------------------------------|---|---------------------|---------------------|
| Balance as at 1 January  | 7  | 2                                    | (25)  | (16)                | (32)                |
| Net change in fair value – included in ‘administrative expenses’ | -  | -                                    | (2)   | (2)                 | (6)                 |
| Acquisitions during the year                                     | -  | -                                    | (8)   | (8)                 | (6)                 |
| Amounts settled during the year                                  | -  | -                                    | 7   | 7                   | 12                  |
| Transfer of assets from level 2                                  | 2  | -                                    | -   | 2                   | -                   |
| Transfer of liabilities to level 2                               | -  | -                                    | -   | -                   | 16                  |
| Effect of movements in exchange rates                            | -  | -                                    | 2   | 2                   | -                   |
| Balance as at 31 December  | 9  | 2                                    | (26)  | (15)                | (16)                |

## 29. Share capital

|  | 2020<br>No. | 2019<br>No. |
|--|-------------|-------------|
| <b>Allotted, issued and fully paid</b> |             |             |
| Ordinary shares of 25p                 |             |             |
| As at 1 January                        | 565,336,380 | 563,336,380 |
| Issue of ordinary shares               | -           | -           |
| 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<br>£m | Share premium account<br>£m | Merger reserve<br>£m | Total<br>£m |
|--------------------------|---------------------|-----------------------------|----------------------|-------------|
| <b>2020</b>              |                     |                             |                      |             |
| As at 1 January 2020     | 141                 | 17                          | 1,384                | 1,542       |
| Issue of ordinary shares | -                   | -                           | -                    | -           |
| As at 31 December 2020   | 141                 | 17                          | 1,384                | 1,542       |
| <b>2019</b>              |                     |                             |                      |             |
| 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       |

#### Merger reserve

The merger reserve relates 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<br>£m | Revaluation reserve<br>£m | Hedging and translation<br>£m | Own shares<br>£m | Other reserves<br>£m |
|---|-----------------------------------|---------------------------|-------------------------------|------------------|----------------------|
| <b>2020</b>   |                                   |                           |                               |                  |                      |
| As at 1 January 2020                                      | (1,182)                           | 5                         | (12)                          | (16)             | (1,205)              |
| Fair value movement on derivative financial instruments   | -                                 | -                         | 2                             | -                | 2                    |
| Exchange differences on translation of foreign operations | -                                 | -                         | (30)                          | -                | (30)                 |
| Taxation on components of other comprehensive income      | -                                 | -                         | (1)                           | -                | (1)                  |
| Total comprehensive income                                | -                                 | -                         | (29)                          | -                | (29)                 |
| Gain on disposal of equity investments at FVTOCI          | -                                 | (1)                       | -                             | -                | (1)                  |
| Share settlement of share-based payment awards            | -                                 | -                         | -                             | 3                | 3                    |
| Own shares acquired for employee trusts                   | -                                 | -                         | -                             | (14)             | (14)                 |
| As at 31 December 2020                                    | (1,182)                           | 4                         | (41)                          | (27)             | (1,246)              |
| <b>2019</b>   |                                   |                           |                               |                  |                      |
| 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)              |

#### 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 2020, £8m relates to amounts arising on previous net investment hedges (2019: £10m).

**Own shares**

As at 31 December 2020, the TP ICAP plc EBT (formerly the Tullett Prebon plc Employee Benefit Trust 2007) held 8,630,751 ordinary shares (2019: 4,535,504 ordinary shares) with a fair value of £21m (2019: £19m). During the year the Trust delivered 750,572 shares in satisfaction of vesting share-based awards and purchased 4,845,819 ordinary shares in the open market at a cost of £14m. In 2019 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.

**(c) Total equity**

|   | Equity attributable to equity holders of the parent |                                |                            |              | Non-controlling interests<br>£m | Total equity<br>£m |
|---|---|--------------------------------|----------------------------|--------------|---------------------------------|--------------------|
|   | Total from<br>Note 30(a)<br>£m                      | Total from<br>Note 30(b)<br>£m | Retained<br>earnings<br>£m | Total<br>£m  |                                 |                    |
| <b>2020</b>   |   |                                |                            |              |                                 |                    |
| As at 1 January 2020                                      | <b>1,542</b>  | <b>(1,205)</b>                 | <b>1,375</b>               | <b>1,712</b> | <b>18</b>                       | <b>1,730</b>       |
| Profit for the year                                       | -   | -                              | <b>96</b>                  | <b>96</b>    | <b>1</b>                        | <b>97</b>          |
| Fair value movement on derivative financial instruments   | -   | <b>2</b>                       | -                          | <b>2</b>     | -                               | <b>2</b>           |
| Exchange differences on translation of foreign operations | -   | <b>(30)</b>                    | -                          | <b>(30)</b>  | -                               | <b>(30)</b>        |
| Remeasurement of defined benefit pension schemes          | -   | -                              | <b>2</b>                   | <b>2</b>     | -                               | <b>2</b>           |
| Taxation on components of other comprehensive income      | -   | <b>(1)</b>                     | -                          | <b>(1)</b>   | -                               | <b>(1)</b>         |
| Total comprehensive income                                | -   | <b>(29)</b>                    | <b>98</b>                  | <b>69</b>    | <b>1</b>                        | <b>70</b>          |
| Issue of ordinary shares                                  | -   | -                              | -                          | -            | -                               | -                  |
| Dividends paid  | -   | -                              | <b>(94)</b>                | <b>(94)</b>  | <b>(1)</b>                      | <b>(95)</b>        |
| Gain on disposal of equity investments at FVTOCI          | -   | <b>(1)</b>                     | <b>1</b>                   | -            | -                               | -                  |
| Share settlement of share-based payment awards            | -   | <b>3</b>                       | <b>(3)</b>                 | -            | -                               | -                  |
| Own shares acquired for employee trusts                   | -   | <b>(14)</b>                    | -                          | <b>(14)</b>  | -                               | <b>(14)</b>        |
| Non-controlling interests arising on acquisitions         | -   | -                              | -                          | -            | <b>1</b>                        | <b>1</b>           |
| Credit arising on share-based payment awards (Note 31)    | -   | -                              | <b>6</b>                   | <b>6</b>     | -                               | <b>6</b>           |
| As at 31 December 2020                                    | <b>1,542</b>  | <b>(1,246)</b>                 | <b>1,383</b>               | <b>1,679</b> | <b>19</b>                       | <b>1,698</b>       |
| <b>2019</b>   |   |                                |                            |              |                                 |                    |
| As at 1 January 2019                                      | 1,542   | (1,158)                        | 1,430                      | 1,814        | 16                              | 1,830              |
| Profit for the year                                       | -   | -                              | <b>67</b>                  | <b>67</b>    | <b>1</b>                        | <b>68</b>          |
| Equity instruments at FVTOCI – net change in fair value   | -   | <b>1</b>                       | -                          | <b>1</b>     | -                               | <b>1</b>           |
| Exchange differences on translation of foreign operations | -   | <b>(43)</b>                    | -                          | <b>(43)</b>  | <b>(1)</b>                      | <b>(44)</b>        |
| Remeasurement of defined benefit pension schemes          | -   | -                              | <b>(52)</b>                | <b>(52)</b>  | -                               | <b>(52)</b>        |
| Taxation on components of other comprehensive income      | -   | -                              | <b>19</b>                  | <b>19</b>    | -                               | <b>19</b>          |
| Total comprehensive income                                | -   | <b>(42)</b>                    | <b>34</b>                  | <b>(8)</b>   | -                               | <b>(8)</b>         |
| Issue of ordinary shares                                  | -   | -                              | -                          | -            | -                               | -                  |
| Dividends paid  | -   | -                              | <b>(94)</b>                | <b>(94)</b>  | <b>(1)</b>                      | <b>(95)</b>        |
| Gain on disposal of equity investments at FVTOCI          | -   | -                              | -                          | -            | -                               | -                  |
| Share settlement of share-based payment awards            | -   | <b>2</b>                       | <b>(3)</b>                 | <b>(1)</b>   | -                               | <b>(1)</b>         |
| Own shares acquired for employee trusts                   | -   | <b>(7)</b>                     | -                          | <b>(7)</b>   | -                               | <b>(7)</b>         |
| Non-controlling interests arising on acquisitions         | -   | -                              | <b>3</b>                   | <b>3</b>     | <b>3</b>                        | <b>6</b>           |
| Credit arising on share-based payment awards (Note 31)    | -   | -                              | <b>5</b>                   | <b>5</b>     | -                               | <b>5</b>           |
| As at 31 December 2019                                    | 1,542   | (1,205)                        | 1,375                      | 1,712        | 18                              | 1,730              |

### 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 up to 35% of their annual discretionary bonus awarded in deferred shares. These awards will be settled with TP ICAP Group 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.

|  | 2020<br>No. | 2019<br>No. |
|--|-------------|-------------|
| Outstanding at the beginning of the year | 4,095,520   | 2,888,313   |
| Granted during the year                  | 1,624,098   | 1,965,358   |
| Forfeited during the year                | (549,341)   | (59,350)    |
| Settled during the year                  | (750,572)   | (698,801)   |
| Outstanding at the end of the year       | 4,419,705   | 4,095,520   |

At the year end closing share price of 238.2p the estimated total number of deferred shares for the 2020 bonus year was 1,540,739.

#### 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 Group 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.

|  | 2020<br>No. | 2019<br>No. |
|--|-------------|-------------|
| Outstanding at the beginning of the year | 220,510     | 82,000      |
| Granted during the year                  | 446,262     | 138,510     |
| Outstanding at the end of the year       | 666,772     | 220,510     |

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 238.2p the estimated total number of deferred shares for the 2020 bonus year was 534,425.

#### 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 were forfeited if a beneficiary left the Group, unless explicitly agreed otherwise by the Group's Remuneration Committee.

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.

Performance under the plan, based on absolute total shareholder return and earnings per share, was completed in 2020 following the end of the performance period. As performance was below the plan thresholds no shares were awarded. Any awards would have been subject to a further holding period with a release of one third in April 2021, one third in April 2022 and one third in April 2023.

No share-based charge arose in 2020. In 2019 a net share-based credit of £1m arose, reflecting the accelerated cost from modifying of the Executive Directors awards offset by a credit relating to the forfeiture of awards.

### 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.

|  | 2020<br>No.      | 2019<br>No. |
|--|------------------|-------------|
| Outstanding at the beginning of the year | <b>1,264,712</b> | –           |
| Granted during the year                  | <b>2,766,617</b> | 1,264,712   |
| Outstanding at the end of the year       | <b>4,031,329</b> | 1,264,712   |

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. No awards were made to senior employees in 2019.

In 2020, shares to a maximum of 2,766,617 were awarded to the Executive Directors and senior employees. These awards are subject to performance conditions measured over the three-year period 2020 to 2022 with 30% of the awards subject to EPS compound annual growth targets, 50% subject to relative total shareholder return targets and 20% subject to new business growth targets. Details of the financial targets are set out in the Report of the Remuneration Committee on page 99.

At the end of each 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.

|  | 2020<br>No.      | 2019<br>No. |
|--|------------------|-------------|
| Outstanding at the beginning of the year | <b>731,470</b>   | –           |
| Granted during the year                  | <b>86,716</b>    | 731,470     |
| Forfeited during the year                | <b>(152,515)</b> | –           |
| Outstanding at the end of the year       | <b>665,671</b>   | 731,470     |

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 238.2p the estimated total number of SEAP awards for the 2020 bonus year was 1,686,951.

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| Charge arising from the Senior Manager Deferred Bonus Plan      | <b>3</b>   | 5          |
| Charge arising from the Executive Director Deferred Bonus Plan  | <b>1</b>   | –          |
| Charge arising from the Transformation Long Term Incentive Plan | –          | (1)        |
| Charge arising from the Long Term Incentive Plan                | <b>1</b>   | –          |
| Charge arising from the Special Equity Award Plan               | <b>1</b>   | 1          |
|   | <b>6</b>   | 5          |

### 32. Acquisitions

#### (a) Louis Capital

In July 2020 the Group acquired 100% of LCM Europe Limited, LCM D Ltd and Louis Capital Markets LLC (collectively Louis Capital), a private brokerage group specialising in equities and fixed income, primarily based in Europe.

Under the agreement, initial cash consideration was US\$20m (£17m). Consideration was adjusted, based on the level of regulatory capital, working capital and net cash at completion, resulting in an inflow of US\$1m (£1m). Deferred non-contingent consideration with an initial fair value of US\$6m (£5m) is payable over two years and deferred contingent consideration, with an initial fair value of US\$11m (£8m), is payable dependent upon the performance of the business over five years. The actual outcome may defer from this estimate. The gross payment of deferred contingent consideration is capped at US\$17m.

The initial fair value of the net assets acquired was US\$5m (£4m). The excess purchase price of US\$31m (£25m) was allocated to goodwill. Acquisition costs, included in administrative expenses, amounted to £1m in the period to 31 December 2020 and £1m in 2019.

Had Louis Capital been acquired on 1 January 2020 the Group's operating profit would have been £2m higher and its earnings £1m higher.

#### (b) ICAP (Malaysia) Sdn Bhd (previously known as Amanah Butler Malaysia Sdn Bhd)

During the year, the Group increased its ownership in its associate ICAP (Malaysia) Sdn Bhd from 21.7% to 78.3% by way of the acquisition of shares in July 2020. The purchase was for £1m in cash with no deferred or contingent consideration.

In November 2020, the Group reduced its ownership by 20% from 78.3% to 58.3% for cash and deferred consideration amounting to less than £1m, receivable over four years.

#### (c) Finalisation of the acquisition of ClearCompress Limited

During 2020, the Group finalised the accounting for the acquisition of ClearCompress, a provider of algorithm-based compression services for currency swaps. There were no changes to the provisional fair value of liabilities acquired of £1m, nor in the £6m goodwill initially recognised in 2019.

#### (d) Analysis of deferred consideration in respect of acquisitions

Certain acquisitions made by the Group are satisfied in part by deferred consideration, comprising contingent and non-contingent amounts, depending on the terms of each acquisition. The amount of contingent 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.

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| At 1 January  | 41         | 41         |
| Acquisitions during the year  | 13         | 6          |
| Adjustments to deferred consideration charged to the Income Statement | 2          | 6          |
| Cash-settled  | (22)       | (12)       |
| Effect of movements in exchange rates                                 | (3)        | -          |
| At 31 December  | 31         | 41         |
| Amounts falling due within one year                                   | 12         | 23         |
| Amounts falling due after one year                                    | 19         | 18         |
| At 31 December  | 31         | 41         |



**33. Reconciliation of operating result to net cash flow from operating activities**

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| <b>Operating profit</b>   | <b>178</b> | 142        |
| Adjustments for:  |            |            |
| > Share-based payment charge                                      | 6          | 5          |
| > Pension scheme's administration costs                           | 1          | –          |
| > Pension scheme past service and settlement costs                | 1          | 4          |
| > Depreciation of property, plant and equipment                   | 13         | 13         |
| > Depreciation of right-of-use assets                             | 23         | 21         |
| > Amortisation of intangible assets                               | 20         | 27         |
| > Amortisation of intangible assets arising on consolidation      | 39         | 42         |
| > Impairment of intangible assets arising on consolidation        | 21         | 24         |
| > Impairment of associates  | 1          | –          |
| > Loss on disposal of property, plant and equipment               | –          | 1          |
| > Impairment of right-of-use assets                               | 1          | –          |
| > Impairment of finance lease receivables                         | 1          | –          |
| > Remeasurement of deferred consideration                         | 2          | 6          |
| <b>Net operating cash flow before movement in working capital</b> | <b>307</b> | 285        |
| Decrease/(increase) in trade and other receivables                | 6          | (24)       |
| (Increase)/decrease in net settlement and trading balances        | (2)        | 8          |
| (Decrease)/increase in trade and other payables                   | (34)       | 4          |
| Decrease in provisions  | (7)        | (5)        |
| Increase/(decrease) in non-current liabilities                    | 1          | (2)        |
| Retirement benefit scheme contributions                           | (1)        | (1)        |
| <b>Net cash generated from operations</b>                         | <b>270</b> | 265        |
| Income taxes paid   | (73)       | (64)       |
| Fees paid on bank and other loan facilities                       | (2)        | (2)        |
| Interest paid   | (37)       | (39)       |
| Interest paid – finance leases                                    | (14)       | (12)       |
| <b>Net cash flow from operating activities</b>                    | <b>144</b> | 148        |

### 34. Analysis of net funds

|                               | At<br>1 January<br>£m | Cash flow<br>£m    | Non-cash<br>items<br>£m | Acquired with<br>acquisitions<br>£m | Exchange<br>rate<br>movements<br>£m | At<br>31 December<br>£m |
|-------------------------------|-----------------------|--------------------|-------------------------|-------------------------------------|-------------------------------------|-------------------------|
| <b>2020</b>                   |                       |                    |                         |                                     |                                     |                         |
| Cash and cash equivalents     | 686                   | (17)               | -                       | -                                   | (13)                                | 656                     |
| Overdrafts                    | (10)                  | 3                  | -                       | -                                   | -                                   | (7)                     |
|                               | 676                   | (14)               | -                       | -                                   | (13)                                | 649                     |
| Financial investments         | 148                   | (18)               | -                       | -                                   | (3)                                 | 127                     |
| Bank loan due within one year | -                     | 1 <sup>1</sup>     | (1)                     | -                                   | -                                   | -                       |
| Loans from related parties    | -                     | (28)               | -                       | -                                   | -                                   | (28)                    |
| Sterling Notes January 2024   | (440)                 | 23 <sup>1</sup>    | (23)                    | -                                   | -                                   | (440)                   |
| Sterling Notes May 2026       | (249)                 | 13 <sup>1</sup>    | (14)                    | -                                   | -                                   | (250)                   |
| Lease liabilities             | (140)                 | 38 <sup>2</sup>    | (108)                   | (5)                                 | 3                                   | (212)                   |
| Total financing liabilities   | (829)                 | 47                 | (146)                   | (5)                                 | 3                                   | (930)                   |
| Net debt                      | (5)                   | 15                 | (146)                   | (5)                                 | (13)                                | (154)                   |
|                               |                       |                    |                         |                                     |                                     |                         |
|                               | At<br>1 January<br>£m | Cash flow<br>£m    | Non-cash<br>items<br>£m | Adoption of<br>IFRS 16<br>£m        | Exchange<br>rate<br>movements<br>£m | At<br>31 December<br>£m |
| <b>2019</b>                   |                       |                    |                         |                                     |                                     |                         |
| Cash and cash equivalents     | 680                   | 19                 | -                       | -                                   | (13)                                | 686                     |
| Overdrafts                    | (13)                  | 3                  | -                       | -                                   | -                                   | (10)                    |
|                               | 667                   | 22                 | -                       | -                                   | (13)                                | 676                     |
| Financial investments         | 133                   | 20                 | -                       | -                                   | (5)                                 | 148                     |
| Bank loan due within one year | (52)                  | 53 <sup>1</sup>    | (1)                     | -                                   | -                                   | -                       |
| Loans from related parties    | -                     | 3                  | -                       | -                                   | (3)                                 | -                       |
| Sterling Notes June 2019      | (80)                  | 82 <sup>3</sup>    | (2)                     | -                                   | -                                   | -                       |
| Sterling Notes January 2024   | (510)                 | 97 <sup>4</sup>    | (27)                    | -                                   | -                                   | (440)                   |
| Sterling Notes May 2026       | -                     | (241) <sup>5</sup> | (8)                     | -                                   | -                                   | (249)                   |
| Lease liabilities             | -                     | 33 <sup>2</sup>    | (32)                    | (145)                               | 4                                   | (140)                   |
| Total financing liabilities   | (642)                 | 27                 | (70)                    | (145)                               | 1                                   | (829)                   |
| Net funds/(debt)              | 158                   | 69                 | (70)                    | (145)                               | (17)                                | (5)                     |

1 Relates to interest paid reported as a cash outflow from operating activities.

2 Relates to interest paid of £14m (2019: £12m) reported as a cash outflow from operating activities and principal paid of £24m (2019: £21m) reported as a cash outflow from financing activities.

3 Relates to principal repayment of £80m reported as a cash outflow from financing activities plus £2m of interest paid reported as a cash outflow from operating activities.

4 Relates to principal repayment of £69m reported as a cash outflow from financing activities plus £28m of interest paid reported as a cash outflow from operating activities.

5 Relates to principal received of £250m less £2m of debt issue costs reported as a cash outflow from financing activities and £7m of interest paid reported as cash outflow from operating activities.

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 2020 cash and cash equivalents, net of overdrafts, amounted to £649m (2019: £676m) of which £10m represent amounts subject to regulatory restrictions and are not readily available to be used for other purposes within the Group. 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 interest expense, the amortisation of debt issue costs and recognition of new lease liabilities.

### 35. Contingent liabilities

#### Bank Bill Swap Reference Rate case

On 16 August 2016, a complaint 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 Valores Mobiliários Ltda ('ICAP Brazil') is a defendant in 11 (31 December 2019: 13) 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 56.8m (£8m) (31 December 2019: BRL 49m (£11m)). The Group is the beneficiary of an indemnity from NEX in relation to any liabilities in respect of seven of the 11 Labour Claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP. This includes a claim that is indemnified by a predecessor to ICAP Brazil by way of escrowed funds in the amount of BRL 28m (£4m). The Labour Claims are at various stages of their respective proceedings and are pending an initial witness hearing, the court's decision on appeal or a ruling on a motion for clarification. The Group 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 272m (£38m) (31 December 2019: BRL 243m (£44m)). The Group intends to vigorously defend itself but there is no certainty as to the outcome of these claims. Currently, the case is in an early evidentiary phase.

#### LIBOR Class actions

The Group is currently defending the following 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. On 9 December 2020, the Dutch Court issued a final judgement dismissing the Foundation's claims in their entirety. The Foundation has until March 2021 to appeal this final judgement. 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.

### 35. Contingent liabilities continued

#### LIBOR Class actions continued

##### (iii) Yen LIBOR Class Actions

In April 2013, ICAP plc was added as a defendant to an existing civil litigation originally filed in April 2012, Laydon v. Mizuho Bank, Ltd, against certain Yen LIBOR and Euroyen TIBOR panel banks alleging purported manipulation of the Yen LIBOR and Euroyen TIBOR benchmark interest rates. The United States District Court for the Southern District of New York dismissed the plaintiff's antitrust and unjust enrichment claims, but upheld the plaintiff's claim for purported manipulation under the Commodity Exchange Act. ICAP plc and certain other foreign defendants were dismissed in March 2015 for lack of personal jurisdiction. The Court permitted plaintiffs to file an amended complaint whereby they added new defendants to the action including ICAP Europe Limited and Tullett Prebon plc. On 10 March 2017, both ICAP Europe Limited and Tullett Prebon plc were dismissed for lack of personal jurisdiction. On 23 October 2020, the plaintiffs served their formal notice of intent to appeal the dismissal of the TP ICAP defendants. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

Other plaintiffs filed a related complaint, Sonterra Capital Master Fund, Ltd. v. UBS AG, which included ICAP plc, ICAP Europe Limited and Tullett Prebon plc as defendants, asserting a cause of action for antitrust injury only as a result of the purported manipulation of Yen LIBOR and Euroyen TIBOR by panel banks and brokers. Defendants filed motions to dismiss for lack of jurisdiction and failure to state a claim. On 10 March 2017, the Court issued an order dismissing the entirety of the Sonterra case on the grounds that the plaintiffs lacked antitrust standing. Plaintiffs appealed the dismissal, which was then stayed to accommodate new settlements reached between the plaintiffs and some of the defendants. The briefing on the appeal was completed on 28 January 2019 and oral argument was heard on 5 February 2020. On 1 April 2020, the Second Circuit Court of appeals reversed and remanded the dismissal. In October 2020, the Company filed a renewed motion to dismiss on grounds that were not reached in the original decision to dismiss including but not limited to lack of personal jurisdiction. It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact. The Group is covered by an indemnity from NEX in relation to any outflow in respect of ICAP Europe Limited with regard to these matters.

#### ICAP Securities Limited, Frankfurt branch – Frankfurt Attorney General administrative proceedings

On 19 December 2018, ICAP Securities Limited, Frankfurt branch ('ISL') was notified by the Attorney General's office in Frankfurt notifying ISL that it had commenced administrative proceedings against ISL and criminal proceedings against former employees and a former director of ISL, in respect of aiding and abetting tax evasion by Rafael Roth Financial Enterprises GmbH ('RRFE'). It is possible that a corporate administrative fine may be imposed on ISL and earnings derived from the criminal offence confiscated. ISL has appointed external counsel and is in the process of investigating the activities of the relevant desk from 2006-2009. This investigation is complicated as the majority of relevant records are held by NEX and NEX failed to disclose its engagement with the relevant authorities prior to the sale of ICAP to Tullett Prebon in 2016. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGGB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

#### ICAP Securities Limited and The Link Asset and Securities Company Limited – Proceedings by the Cologne Public Prosecutor

On 11 May 2020, TP ICAP learned that proceedings have been commenced by the Cologne Public prosecutor against ICAP Securities Limited ('ISL') and The Link Asset and Securities Company Ltd ('Link') in connection with criminal investigations into individuals suspected of aiding and abetting tax evasion between 2004 and 2012. It is possible that the Cologne Public Prosecutor may seek to impose an administrative fine against ISL or Link and confiscate the earnings that ISL or Link allegedly derived from the underlying alleged criminal conduct by the relevant individuals. ISL and Link have appointed external lawyers to advise them. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGGB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL and Link are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

### Autorité des Marchés Financiers ('AMF')

In August 2019, Tullett Prebon (Europe) Limited ('TPEL') was notified that the AMF was investigating alleged facilitation of market abuse conduct concerning historical transactions with a client undertaken in 2015 on Eurex. In June 2020, the AMF initiated enforcement proceedings before the Enforcement Committee of the AMF. TPEL has responded to the AMF's letter of grievance and is waiting to hear further. It is not possible at present 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, investigations or market reviews. 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, currently 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

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Minimum short-term and low value lease payments recognised in the income statement | 1          | 2          |

At 31 December 2020 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                 | 2020            |             | 2019            |             |
|-----------------|-----------------|-------------|-----------------|-------------|
|                 | Buildings<br>£m | Other<br>£m | Buildings<br>£m | Other<br>£m |
| Within one year | 1               | –           | –               | –           |

### 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.

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Defined benefit scheme surplus – UK        | –          | –          |
| Defined benefit schemes deficit – Overseas | (2)        | (2)        |

#### (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.

### 37. Retirement benefits continued

#### (b) UK defined benefit scheme continued

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:

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| Fair value of Scheme assets  | 276        | 257        |
| Present value of Scheme liabilities  | (227)      | (205)      |
| Defined benefit scheme surplus - UK  | 49         | 52         |
| Impact of asset ceiling on UK scheme surplus:  |            |            |
| At 1 January   | (52)       | -          |
| Offset against deemed interest income in the Income Statement  | (1)        | -          |
| Credit/(charged) to Other Comprehensive Income (application of asset ceiling of defined benefit pension schemes) | 4          | (52)       |
| At 31 December   | (49)       | (52)       |
| Recognised in the Consolidated Balance Sheet after application of the asset ceiling                              | -          | -          |
| Application of asset ceiling of defined benefit pension schemes  | 4          | -          |
| Remeasurement of the defined benefit pension scheme  | (2)        | (52)       |
| Recognised in Other Comprehensive Income   | 2          | (52)       |
| Deferred tax liability (Note 21)   | -          | -          |

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. Costs associated with the settlement of the Scheme's liabilities are recorded as significant items in the Income Statement. Settlement costs amounted to £1m in 2020 (2019: £1m).

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:

|  | 2020<br>% | 2019<br>% |
|--|-----------|-----------|
| Key assumptions  |           |           |
| Discount rate  | 1.4%      | 2.00      |
| Expected rate of salary increases                        | n/a       | n/a       |
| Rate of increase in LPI pensions in payment <sup>1</sup> | 2.7%      | 2.70      |
| Inflation assumption                                     | 2.4%      | 2.30      |

<sup>1</sup> 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 31.7 years (2019: 31.6 years) after retirement if they are male and for a further 33.1 years (2019: 33.0 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<br>£m | Scheme liabilities<br>£m | Surplus<br>£m |
|--|-----------|---------------------|--------------------------|---------------|
| <b>As at 31 December 2020</b>                          |           | <b>275</b>          | <b>(226)</b>             | <b>49</b>     |
| Following a 0.25% decrease in the discount rate        | Change    | <b>4.4%</b>         | <b>5.3%</b>              |               |
|  | New value | <b>287</b>          | <b>(238)</b>             | <b>49</b>     |
| Following a 0.25% increase in the inflation assumption | Change    | <b>1.8%</b>         | <b>2.2%</b>              |               |
|  | New value | <b>280</b>          | <b>(231)</b>             | <b>49</b>     |
| Life expectancy increases by 3 years                   | Change    | <b>8.0%</b>         | <b>10.2%</b>             |               |
|  | New value | <b>298</b>          | <b>(249)</b>             | <b>49</b>     |

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 2020 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:

|   | 2020<br>£m | 2019<br>£m |
|---|------------|------------|
| Deemed interest arising on the defined benefit pension scheme surplus | <b>1</b>   | 1          |
| Impact of asset ceiling on UK scheme surplus                          | <b>(1)</b> | (1)        |
| Recognised in the Consolidated Income Statement                       | <b>-</b>   | -          |
| Past service and settlement costs                                     | <b>(1)</b> | (4)        |
| Scheme's administrative costs   | <b>(1)</b> | -          |
|   | <b>(2)</b> | (4)        |

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

|  | 2020<br>£m  | 2019<br>£m |
|--|-------------|------------|
| Return on Scheme assets (excluding deemed interest income) – Trustee administered funds        | <b>(1)</b>  | (1)        |
| Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies | <b>26</b>   | 23         |
| Actuarial losses arising from changes in financial assumptions                                 | <b>(29)</b> | (23)       |
| Actuarial gains arising from experience adjustments  | <b>2</b>    | 1          |
| Remeasurement of the defined benefit pension scheme  | <b>(2)</b>  | -          |

Movements in the present value of the Scheme liabilities were as follows:

|  | 2020<br>£m   | 2019<br>£m |
|--|--------------|------------|
| At 1 January   | <b>(205)</b> | (188)      |
| Deemed interest cost   | <b>(4)</b>   | (5)        |
| Past service cost  | <b>-</b>     | (3)        |
| Actuarial losses arising from changes in financial assumptions | <b>(29)</b>  | (23)       |
| Actuarial gains arising from experience adjustments            | <b>2</b>     | 1          |
| Benefits paid/transfers out                                    | <b>10</b>    | 13         |
| At 31 December   | <b>(226)</b> | (205)      |

**37. Retirement benefits** continued

**(b) UK defined benefit scheme** continued

Movements in the fair value of the Scheme assets were as follows:

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| At 1 January   | 257        | 243        |
| Deemed interest income   | 5          | 6          |
| Return on Scheme assets (excluding deemed interest income) – Trustee administered funds        | (1)        | (1)        |
| Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies | 26         | 23         |
| Benefits paid/transfers out  | (10)       | (13)       |
| Past service and settlements costs   | (1)        | –          |
| Scheme's administrative costs  | (1)        | (1)        |
| At 31 December   | 275        | 257        |

The major categories and fair values of the Scheme assets as at 31 December were as follows:

|                           | 2020<br>£m | 2019<br>£m |
|---------------------------|------------|------------|
| Cash and cash equivalents | 39         | 2          |
| Government bonds          | 14         | 52         |
| Insurance policies        | 222        | 202        |
| Other receivables         | –          | 1          |
| At 31 December            | 275        | 257        |

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 2020 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 £19m (2019: £17m), of which £9m (2019: £8m) related to overseas schemes.

As at 31 December 2020, there was £1m outstanding in respect of the current reporting year that had not been paid over to the schemes (2019: £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 2020, which also represent the value of transactions during the year. The total amounts owed to and from related parties at 31 December 2020 are set out below:

|                            | Amounts owed by related parties |            | Amounts owed to related parties |            |
|----------------------------|---------------------------------|------------|---------------------------------|------------|
|                            | 2020<br>£m                      | 2019<br>£m | 2020<br>£m                      | 2019<br>£m |
| Associates                 | 5                               | 3          | –                               | –          |
| Joint ventures             | –                               | –          | (3)                             | (3)        |
| Loans from related parties | –                               | –          | (28)                            | –          |

In August 2020, the Group entered into a 10 billion Yen (£71 million) committed facility with the Tokyo Tanshi Co., Ltd, a related party, that matures in February 2023. The loan for related parties is conducted on an arm's length basis. At 31 December 2020, £28m of the facility was drawn down.

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.

|                       | 2020<br>£m | 2019<br>£m |
|-----------------------|------------|------------|
| Short-term benefits   | 5          | 6          |
| Social security costs | 1          | 1          |
|                       | 6          | 7          |

### 39. Events after the balance sheet date

In February 2021, the shareholders of TP ICAP plc approved the re-domiciliation of the Group from the UK to Jersey by means of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the Scheme). At the same meeting, the shareholders also approved the proposed acquisition of the Liquidnet group, to be partially funded by a £315m rights issue. On 16 February 2021, the rights issue raised £309m cash net of fees.

The Scheme became effective on 26 February 2021 and, as a result, TP ICAP Group plc became the new parent company of the Group.

Shortly after the Scheme became effective, the former parent company of the Group, TP ICAP plc, changed its status to that of a private company and was renamed TP ICAP Limited. The Non-executive Directors (including the Chair) of TP ICAP plc were appointed as Non-executive Directors of TP ICAP Group plc, in each case with effect from the Scheme effective date (the Executive Directors were already appointed to the Board of TP ICAP Group plc). Members of the committees of the Board of TP ICAP plc were appointed as members of the equivalent committees of the Board of TP ICAP Group plc on the Scheme effective date. It is expected that the Non-executive Directors of TP ICAP Limited will resign from the Board on 9 March 2021.

Following the loss of the EU passporting rights as a result of the UK's withdrawal from the EU, TP ICAP's UK-based authorised subsidiaries no longer have the full scope of necessary regulatory permissions to service all clients based in the EU 27. TP ICAP's UK-based authorised subsidiaries continue to service clients based in certain EU 27 member states where possible under available temporary permission regimes, existing third country access rights, or as otherwise permitted by applicable laws and regulations. In those EU 27 member states where TP ICAP's existing operating model does not allow it to service clients under available temporary permission regimes, existing third country access rights, or applicable laws and regulations, TP ICAP is adjusting its operating model to ensure that it services clients in those jurisdictions in accordance with such temporary permission regimes, existing third country access rights, or applicable laws and regulations. Such adjustments include, amongst other things, obtaining additional third country permissions for its UK authorised firms and servicing clients from its EU establishments once a sufficient number of brokers have been relocated from the UK.

#### 40. Principal subsidiaries

At 31 December 2020, 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 191 to 199. All subsidiaries are involved in broking or information sales activities and have either a 31 December or 31 March year end.

| 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%                               |
|  | Tullett Prebon (Europe) Limited                                | 100%                               |
|  | Tullett Prebon (Securities) Limited                            | 100%                               |
| France                                 | TP ICAP (Europe) S.A.  | 100%                               |
| Guernsey (operating in England)        | Tullett Prebon Information Limited                             | 100%                               |
| Hong Kong                              | Tullett Prebon (Hong Kong) Limited                             | 100%                               |
| Japan                                  | Tullett Prebon (Japan) Limited                                 | 80%                                |
| Singapore                              | ICAP (Singapore) Pte Limited                                   | 100%                               |
|  | TP ICAP Management Services (Singapore) Pte. Ltd.              | 100%                               |
|  | Tullett Prebon Energy (Singapore) Pte. Ltd.                    | 100%                               |
|  | PVM Oil Associates Pte. Ltd.                                   | 100%                               |
| United States                          | ICAP Corporates LLC  | 100%                               |
|  | ICAP Energy LLC  | 100%                               |
|  | ICAP Information Services Inc.                                 | 100%                               |
|  | ICAP Securities USA LLC  | 100%                               |
|  | Tullett Prebon Americas Corp.                                  | 100%                               |
|  | Tullett Prebon Financial Services LLC                          | 100%                               |
|  | PVM Futures Inc  | 100%                               |
|  | PVM Petroleum Markets LLC                                      | 100%                               |
|  | Tullett Prebon Information Inc                                 | 100%                               |

As at 31 December 2020, £19m (2019: £18m) 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 2020

|  | Notes | 2020<br>£m     | 2019<br>£m |
|--|-------|----------------|------------|
| <b>Non-current assets</b>                    |       |                |            |
| Investment in subsidiary undertakings        | 4     | 3,240          | 2,935      |
| Trade and other receivables                  | 5     | -              | 23         |
|  |       | <b>3,240</b>   | 2,958      |
| <b>Current assets</b>                        |       |                |            |
| Trade and other receivables                  | 5     | 43             | 35         |
| Cash and cash equivalents                    |       | 6              | 23         |
| Derivative financial instruments             |       | 3              | -          |
|  |       | <b>52</b>      | 58         |
| <b>Total assets</b>                          |       | <b>3,292</b>   | 3,016      |
| <b>Current liabilities</b>                   |       |                |            |
| Trade and other payables                     | 6     | (405)          | (106)      |
| Interest bearing loans and borrowings        | 8     | (39)           | (11)       |
|  |       | <b>(444)</b>   | (117)      |
| <b>Net current liabilities</b>               |       | <b>(392)</b>   | (59)       |
| <b>Total assets less current liabilities</b> |       | <b>2,900</b>   | 2,899      |
| <b>Non-current liabilities</b>               |       |                |            |
| Interest bearing loans and borrowings        | 8     | (679)          | (678)      |
| Other long-term payables                     | 7     | -              | (6)        |
|  |       | <b>(679)</b>   | (684)      |
| <b>Total liabilities</b>                     |       | <b>(1,123)</b> | (801)      |
| <b>Net assets</b>                            |       | <b>2,169</b>   | 2,215      |
| <b>Capital and reserves</b>                  |       |                |            |
| Share capital                                | 9     | 141            | 141        |
| Share premium                                |       | 17             | 17         |
| Merger reserve                               |       | 1,262          | 1,262      |
| Own shares                                   |       | (27)           | (16)       |
| Profit and loss account                      |       | 776            | 811        |
| <b>Total equity</b>                          |       | <b>2,169</b>   | 2,215      |

The Company reported a profit for the financial year ended 31 December 2020 of £56m (2019: loss £9m).

The Financial Statements of TP ICAP Limited (registered number 5807599) were approved by the Board of Directors and authorised for issue on 9 March 2021 and are signed on its behalf by

**Nicolas Breteau**  
Chief Executive Officer

# Statement of Changes in Equity

for the year ended 31 December 2020

Note 9

|  | Share capital<br>£m | Share premium account<br>£m | Merger reserve<br>£m | Own shares<br>£m | Profit and loss account<br>£m | Total equity<br>£m |
|--|---------------------|-----------------------------|----------------------|------------------|-------------------------------|--------------------|
| <b>2020</b>  |                     |                             |                      |                  |                               |                    |
| Balance at 1 January 2020                          | 141                 | 17                          | 1,262                | (16)             | 811                           | 2,215              |
| Profit and total comprehensive income for the year | -                   | -                           | -                    | -                | 56                            | 56                 |
| Dividends paid                                     | -                   | -                           | -                    | -                | (94)                          | (94)               |
| Share settlement of share-based payment awards     | -                   | -                           | -                    | 3                | (3)                           | -                  |
| Own shares acquired for employee trusts            | -                   | -                           | -                    | (14)             | -                             | (14)               |
| Credit arising on share-based awards               | -                   | -                           | -                    | -                | 6                             | 6                  |
| Balance at 31 December 2020                        | 141                 | 17                          | 1,262                | (27)             | 776                           | 2,169              |
| <b>2019</b>  |                     |                             |                      |                  |                               |                    |
| 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              |

# Notes to the Company Financial Statements

for the year ended 31 December 2020

## 1. Basis of preparation

As at 31 December 2020 the Company was a public company limited by shares. On 8 March 2021 the Company re-registered as a limited company.

The separate Financial Statements of the Company are presented as required by the Companies Act and are prepared in accordance with the requirements of FRS 101 'Reduced Disclosure Framework'. 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 43 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, and the non-disclosure of Standards, Interpretations and Amendments that are not yet effective.

## 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 (2019: nil). Information about individual Directors is provided in the audited part of the Report on Directors' remuneration on pages 92 to 108.

#### 4. Investment in subsidiary undertakings

|  | 2020<br>£m   | 2019<br>£m   |
|--|--------------|--------------|
| <b>Cost</b>  |              |              |
| At 1 January                                       | 2,935        | 2,681        |
| Capital contribution arising on share-based awards | 6            | 5            |
| Increase in investment in subsidiary undertaking   | –            | 419          |
| Transfer from immediate subsidiary undertaking     | 305          | 384          |
| Transfer to immediate subsidiary undertaking       | –            | (384)        |
| Impairment in subsidiary undertaking               | (6)          | (170)        |
| <b>At 31 December</b>                              | <b>3,240</b> | <b>2,935</b> |

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in the 'Group Undertakings' section of this Annual Report on pages 191 to 199.

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.

As at 31 December 2020, effective growth rate was 1.84% (2019: 1.8%) over a five-year projected period, with effective pre tax discount rates of 12.96% (2019: 12%). A 1% increase in the discount rate would result in an impairment of less than £1m and coupled with a reduction of 0.5% in effective growth rates, the impairment would increase to £1m.

No deferred tax has been recognised on temporary differences associated with unremitted earnings of subsidiaries as the Company is able to control the timing of distributions and overseas dividends are largely exempt from UK tax.

#### 5. Trade and other receivables

|                                    | 2020<br>£m | 2019<br>£m |
|------------------------------------|------------|------------|
| <b>Non-current receivables</b>     |            |            |
| Amounts owed by Group undertakings | –          | 23         |
| <b>Current receivables</b>         |            |            |
| Amounts owed by Group undertakings | 17         | 20         |
| Corporation tax                    | 25         | 13         |
| Prepayments and accrued income     | 1          | 2          |
|                                    | <b>43</b>  | <b>35</b>  |

#### 6. Trade and other payables

|                                   | 2020<br>£m | 2019<br>£m |
|-----------------------------------|------------|------------|
| Accruals and deferred income      | 7          | 1          |
| Amounts due to Group undertakings | 398        | 89         |
| Deferred consideration            | –          | 16         |
|                                   | <b>405</b> | <b>106</b> |

## 7. Other long-term payables

|                                    | 2020<br>£m | 2019<br>£m |
|------------------------------------|------------|------------|
| Amounts owed to Group undertakings | -          | 6          |
|                                    | -          | 6          |

## 8. Interest bearing loans and borrowings

|                             | Less than<br>one year<br>£m | Greater than<br>one year<br>£m | Total<br>£m |
|-----------------------------|-----------------------------|--------------------------------|-------------|
| <b>2020</b>                 |                             |                                |             |
| Loans from related party    | 28                          | -                              | 28          |
| Sterling Notes January 2024 | 10                          | 430                            | 440         |
| Sterling Notes May 2026     | 1                           | 249                            | 250         |
|                             | 39                          | 679                            | 718         |
| <b>2019</b>                 |                             |                                |             |
| Sterling Notes January 2024 | 10                          | 430                            | 440         |
| Sterling Notes May 2026     | 1                           | 248                            | 249         |
|                             | 11                          | 678                            | 689         |

### 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 2023. 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 2020, 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 2020 (2019: £3m).

### Loans from related parties

In August 2020, the Group entered into a Yen 10bn (£71m) committed facility with The Tokyo Tanshi Co., Ltd, a related party, that matures in February 2023. Facility commitment fees of 0.64% on the undrawn balance are payable on the facility. Arrangement fees of less than £1m are being amortised over the maturity of the facility.

As at 31 December 2020, Yen 4bn (£28m) of the facility was drawn. The Directors consider that the carrying amount of the loan which is not held at fair value through profit or loss approximates to its fair value. Amounts drawn down are reported as loans from related parties in the above table.

Interest and facility fees of less than £1m were incurred in 2020.

### 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 2020 the fair value of the Notes (Level 1) was £473m. Accrued interest at 31 December 2020 amounted to £10m (2019: £10m). The amortisation expense of issue costs in 2020 and 2019 were less than £1m.

### 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 2020 amounted to £1m. The amortisation expense of issue costs in 2020 and 2019 were less than £1m.

## 9. Share capital and reserves

|  | 2020<br>No.        | 2019<br>No. |
|--|--------------------|-------------|
| <b>Allotted, issued and fully paid</b> |                    |             |
| Ordinary shares of 25p                 | <b>563,336,380</b> | 563,336,380 |
|  | <b>563,336,380</b> | 563,336,380 |

The movement in the number of shares during the year is shown in Note 29 to the Consolidated Financial Statements.

|  | 2020<br>£m | 2019<br>£m |
|--|------------|------------|
| <b>Allotted, issued and fully paid</b> |            |            |
| Ordinary shares of 25p                 | <b>141</b> | 141        |

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 2020 were £702m (2019: £743m), 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.

## 11. Events after the balance sheet date

In February 2021, the shareholders of TP ICAP plc approved the re-domiciliation of the Group from the UK to Jersey by means of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the Scheme). At the same meeting, the shareholders also approved the proposed acquisition of the Liquidnet group, to be partially funded by a £315m rights issue. On 16 February 2021, the rights issue raised £309m cash net of fees.

The Scheme became effective on 26 February 2021 and, as a result, TP ICAP Group plc became the new parent company of the Group.

Shortly after the Scheme became effective, the former parent company of the Group, TP ICAP plc, changed its status to that of a private company and was renamed TP ICAP Limited. The Non-executive Directors (including the Chair) of TP ICAP plc were appointed as Non-executive Directors of TP ICAP Group plc, in each case with effect from the Scheme effective date (the Executive Directors were already appointed to the Board of TP ICAP Group plc). Members of the committees of the Board of TP ICAP plc were appointed as members of the equivalent committees of the Board of TP ICAP Group plc on the Scheme effective date. It is expected that the Non-executive Directors of TP ICAP Limited will resign from the Board on 9 March 2021.

On changing its status to a private company, the Company proposes to undertake a capital reduction by way of solvency statement and will transfer its investments in its subsidiaries to the new parent company of the Group.



# TP ICAP Group plc Shareholder Information

## Financial calendar

TP ICAP Limited Preliminary Results – 9 March 2021  
Ex-dividend date for final dividend – 8 April 2021  
Record date for final dividend – 9 April 2021  
Final date for Dividend Reinvestment Plan election – 26 April 2021  
Annual General Meeting – Wednesday 12 May 2021 at 2.15pm  
Final dividend payment date (if dividend approved at AGM) – 18 May 2021

## Dividends

A final dividend of 2p per ordinary share will be recommended to shareholders at the 2021 AGM.

## 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](http://www.signalshares.com). You will need your investor code which can be found on your share certificate or dividend confirmation. Alternatively, contact Link Group 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 Group plc shares through a specially arranged share dealing service. For further information contact Link Group 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](http://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 Group 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 Group who can be contacted at:

Link Group  
10th Floor  
Central square  
29 Wellington Street  
Leeds  
LS1 4DL  
United Kingdom

Email: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)  
Telephone: 0371 664 0300<sup>1</sup>

<sup>1</sup> Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable International rate. Lines 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 Group. To access and maintain your shareholding online, please register at [www.signalshares.com](http://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](http://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](http://www.deloitte.com)

**Registered office**

TP ICAP Group plc  
22 Grenville Street  
St Helier  
Jersey  
JE48PX

Telephone: +44 (0)1534 676720  
Website: [www.tpicap.com](http://www.tpicap.com)

TP ICAP Group plc is a company registered in Jersey with registered number 130617.

**TP ICAP Limited Registered office**

Floor 2  
155 Bishopsgate  
London  
EC2M 3TQ

## 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 2020 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 the Company.

| Company name  | Country of incorporation | Interest | Footnote | Registered office address  |
|---|--------------------------|----------|----------|--|
| 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   |
| TP ICAP Management Services (Australia) Pty Limited                 | 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  |
| Tullett Liberty (Bahrain) Co. W.L.L.                                | Bahrain                  | 82.7%    |          | PO Box 20526, Flat No.11, Building 104, 383 Road 2831, Manama 316, Bahrain   |
| PVM Oil Associates Ltd  | Bermuda                  |          |          | Coson Corporate Services Limited, Cedar House, 3rd Floor, 41 Cedar Avenue, Hamilton HM12, 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                              |
| LCM D Limited   | British Virgin Islands   |          |          | Citco B.V.I Limited, Fleming House, Wickhams Cay, PO Box 662, Road Town, Tortola, 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 |
| Tullett Prebon Americas Corp., Toronto Branch                       | Operating in Canada      |          |          | 1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, Canada  |
| Tullett Prebon Canada Limited                                       | Canada                   |          |          | 1 Toronto Street, Suite 308, PO Box 20, Toronto, Ontario, M5C 2V6, Canada  |
| SIF ICAP Chile Holdings Ltda  | Chile                    | 50%      | 2        | Magdalena 181 Piso 14 Las Condes, Santiago, Chile 7550055  |
| SIF ICAP Chile SpA  | Chile                    | 40%      |          | Magdalena 181 Piso 14 Las Condes, Santiago, Chile 7550055  |
| 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                    |          |          | Room B01, 3rd Floor, New China Life Insurance Tower, No.558 Dong Da Ming 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%      | 15       | Room 1001, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China   |

## Group undertakings

continued

| Company name  | Country of incorporation  | Interest | Footnote | Registered office address   |
|---|---------------------------|----------|----------|---|
| ICAP Colombia Holdings S.A.S.                         | Colombia                  | 94.2%    |          | Km 33 Via Sopo Aposentos C-64 Municipio Sopó, Cundinamarca, Colombia  |
| SET-ICAP FX S.A.                                      | Colombia                  | 47.9%    |          | Carrera 11 No. 93-46-Oficina 403, Bogotá, Colombia  |
| 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, N34-189, Quito, Ecuador  |
| Louis Capital Markets France SA                       | France                    |          |          | 42, rue Washington, 75008 Paris, France   |
| Louis Capital Markets UK, LLP French Branch           | France                    |          |          | 42, rue Washington, 75008 Paris, France   |
| Midcap Partners SAS                                   | France                    |          |          | 42, rue Washington, 75008 Paris, France   |
| 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                   | 74.7%    | 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                 |          |          | 20/F, One Hennessy, No. 1 Hennessy Road, Wan Chai, Hong Kong  |
| ICAP Securities Hong Kong Limited                     | Hong Kong                 |          |          | 20/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                 |          | 14       | 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%      | 10       | 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                 | 57.5%    |          | 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                        |
| PT Electronic IDR Exchange                            | Indonesia                 | 49%      |          | Menara Astra, 11th Floor, Jl. Jend. Sudirman Kav. 5-6, Karet Tengsin District, Tanah Abang Sub-District, Central Jakarta 10220, Indonesia |

| Company name                                      | Country of incorporation     | Interest | Footnote | Registered office address  |
|---|------------------------------|----------|----------|--|
| Louis Capital Markets Israel Ltd                  | Israel                       |          |          | 45 Rothschild boulevard, 6578403 Tel-Aviv, Israel  |
| 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            |
| Tokyo Tanshi Co. Limited                          | Japan                        | 5%       |          | 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                       |          |          | 22 Grenville Street (was previously Equity Trust House, 28-30 The Parade, St Helier, JE4 8XY, Jersey)        |
| Prebon Marshall Yamane (C.I.) Limited             | Jersey                       |          |          | 22 Grenville Street (was previously Equity Trust House, 28-30 The Parade, St Helier, JE4 8XY, Jersey)        |
| Tullett Prebon Money Brokerage (Korea) Limited    | Korea, Republic of           |          |          | 6th Floor, Douzone Eulji Tower, 29 Eulji-ro, Jung-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  |
| ICAP (Malaysia) Sdn. Bhd                          | Malaysia                     | 58.3%    |          | 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%      | 11       | 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%      | 12       | Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico                             |
| SIF ICAP, S.A. de C.V.                            | Mexico                       | 50%      | 13       | Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico, Mexico                             |
| Tullett Prebon Mexico SA de CV                    | Mexico                       |          |          | n/a  |
| 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  |

## Group undertakings

continued

| Company name  | Country of incorporation     | Interest | Footnote | Registered office address   |
|---|------------------------------|----------|----------|---|
| 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   |
| 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                  | 99.9%    | 1, 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, #41-00, 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   |

| Company name                                       | Country of incorporation | Interest | Footnote | Registered office address   |
|--|--------------------------|----------|----------|---|
| Garban South Africa (Pty) Limited                  | South Africa             | 66.3%    |          | 19 Impala Road, Block A GF, Chislehurst, Sandton, 2196, South Africa  |
| ICAP Broking Services South Africa (Pty) Ltd       | South Africa             | 66.3%    |          | 19 Impala Road, Block A GF, Chislehurst, Sandton, 2196, South Africa  |
| ICAP Holdings South Africa (Pty) Limited           | South Africa             | 66.3%    |          | 19 Impala Road, Block A GF, Chislehurst, Sandton, 2196, South Africa  |
| ICAP Securities South Africa (Proprietary) Limited | South Africa             | 66.3%    |          | 19 Impala Road, Block A GF, Chislehurst, 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        | Principe de Vergara nº 131, 3º floor, 28002 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                                  |
| Taipei Forex Inc                                   | Tawain                   | 5%       |          | 8/F, 400 Sec 2, PA Teh Road, Taipei, Taiwan (Province of China)   |
| ICAP Securities Co., Ltd.                          | Thailand                 |          |          | No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand |
| ICAP-AP (Thailand) Co., Ltd.                       | Thailand                 |          |          | No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand |
| Nextgen Holding Co., Ltd.                          | Thailand                 | 99.9%    | 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                       | 75.7%    |          | 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, Hershaw, 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   |

## Group undertakings

continued

| Company name  | Country of incorporation | Interest | Footnote | Registered office address  |
|---|--------------------------|----------|----------|--|
| 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                              |
| 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                              |



| <b>Company name</b>                           | <b>Country of incorporation</b> | <b>Interest</b> | <b>Footnote</b> | <b>Registered office address</b>                            |
|---|---------------------------------|-----------------|-----------------|---|
| 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%           | 8               | Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England         |
| LCM Europe Limited                            | UK                              |                 |                 | 130 Wood Street, 4th Floor, London, EC2V 6DL, England       |
| LCM Trading LLP                               | UK                              | 81%             | 2               | 130 Wood Street, 4th Floor, London EC2V 6DL.                |
| LiquidityChain Limited                        | UK                              | 85%             | 3, 4            | Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England         |
| Louis Capital Markets UK LLP                  | UK                              |                 |                 | 130 Wood Street, 4th Floor, London, EC2V 6DL, England       |
| Midcap Partners Limited                       | UK                              |                 |                 | 130 Wood Street, 4th Floor, London, EC2V 6DL, 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 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         |

## Group undertakings

continued

| Company name                                  | Country of incorporation | Interest | Footnote | Registered office address  |
|---|--------------------------|----------|----------|--|
| 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                       |          | 1, 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                       |          | 1, 6     | Two Greenway Plaza, Suite 600, Houston, TX 77046, United States  |
| Coex Partners Inc.                            | US                       |          |          | 251 Little Falls Drive, Wilmington, DE 19808, 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   |
| Growth & Emerging Markets LLC                 | US                       | 16.2%    |          | 251 Little Falls Drive, Wilmington, DE 19808, United States  |
| ICAP Corporates LLC                           | US                       |          | 6        | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States   |
| ICAP Energy LLC                               | US                       |          |          | 421 West Main Street, Frankfort, KY 40601  |
| 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   |
| 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   |
| iSwap US Inc.                                 | US                       | 50.1%    |          | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States   |
| Louis Capital Markets LLC                     | US                       |          |          | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States   |
| M.W. Marshall Inc.                            | US                       |          | 1        | 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        | 211 E. 7th Street, Suite 620, Austin, TX, 78701, United States   |
| Revelation Holdings, Inc.                     | US                       |          | 1, 17    | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States   |

| <b>Company name</b>                   | <b>Country of incorporation</b> | <b>Interest</b> | <b>Footnote</b> | <b>Registered office address</b>                                      |
|---------------------------------------|---------------------------------|-----------------|-----------------|---|
| SCS Energy Corp.                      | US                              |                 | 1               | 80 State Street, Albany, NY 12207, United States                      |
| SCS OTC Corp.                         | US                              |                 | 1               | 80 State Street, Albany, NY 12207, United States                      |
| TP ICAP Americas Holdings Inc.        | US                              |                 |                 | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States    |
| TP ICAP Acquisitions Co.              | US                              |                 |                 | 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19809 |
| 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 B ordinary
- 8 Voting, CM, DM and Deferred shares
- 9 Class B units
- 10 Non-cumulative non-convertible redeemable preference shares (100%) and ordinary shares (40%)
- 11 Series I ordinary shares and series II ordinary shares
- 12 Series IB shares
- 13 Class I Shares and Class II Shares
- 14 Ordinary shares & Redeemable Preference shares
- 15 Group B ordinary shares
- 16 Class A, Class B and Class C common shares

## Appendix – Alternative Performance Measures

Alternative performance measures ('APMs') are complementary to measures defined within International Financial Reporting Standards ('IFRS') and are used by management to explain the Group's business performance and financial position. They include common industry metrics, as well as measures management and the Board consider are useful to enhance the understanding of its performance and allow meaningful comparisons between periods, Regions and Business Segments. The APMs reported are monitored consistently by the Group to manage performance on a monthly basis.

APMs are defined below. Complementary definition, commentary, and outlook of those APMs considered important in measuring the delivery of the Group's strategic priorities can be found on pages 28 and 42 of the Annual Report. Detailed reconciliations of APMs to their nearest IFRS Income Statement equivalents and adjusted APMs can be found in this section, if not readily identifiable from the Annual Report.

The APMs the Group uses are:

| Term                                 | Definition  |
|--------------------------------------|---|
| Adjusted performance                 | Measure of performance excluding the impact of significant items  |
| Adjusted operating margin            | Adjusted operating profit margin is adjusted operating profit expressed as a percentage of reported revenue and is calculated by dividing adjusted operating profit by reported revenue for the period<br>Used interchangeably with EBIT  |
| Broking contribution                 | Represents total broking revenues less total front office costs of the Global Broking, Energy & Commodities and Institutional Services divisions, inclusive of the revenue internally generated to the Data & Analytics business  |
| Broking contribution margin          | Broking contribution margin is Broking contribution expressed as a percentage of reported revenue and is calculated by dividing Broking contribution by reported Broking revenue  |
| Constant Currency                    | Comparison of current year results with the prior year will be impacted by movements in foreign exchange rates versus GBP, the Group's presentation currency. In order to present a better comparison of underlying performance in the period, the Group retranslates foreign denominated prior year results at current year exchange rates |
| Contribution                         | Contribution represents revenue less the direct costs of generating that revenue. Contribution is calculated as the sum of Broking contribution and Data & Analytics contribution   |
| Contribution margin                  | Contribution margin is contribution expressed as a percentage of reported revenue and is calculated by dividing contribution by reported revenue  |
| Data & Analytics contribution        | Represents Data & Analytics revenue less total front office costs associated with running the business, including the cost of internally generated data from the broking business   |
| Data & Analytics contribution margin | Data & Analytics contribution margin is Data & Analytics contribution expressed as a percentage of reported revenue and is calculated by dividing Data & Analytics contribution by reported Data & Analytics revenue  |
| Diversified revenue                  | Sum of Energy & Commodities, Institutional Services and Data & Analytics revenue  |
| Earnings                             | Used interchangeably with Profit for the year   |
| EBIT                                 | Earnings before net interest and tax<br>Used interchangeably with adjusted operating profit   |
| EBITDA                               | Earnings before net interest, tax, depreciation, amortisation of intangible assets and share of equity accounted investments' profit after tax  |
| Free Cash Flow                       | Cash generated from operations after interest paid, income tax paid, and dividends received from equity accounted investments, interest received and capital expenditure  |
| Significant Items                    | Items that distort year-on-year comparisons, which are excluded in order to improve predictability and understanding of the underlying trends of the business, to arrive at adjusted operating and profit measures  |

## 1. Constant Currency – Revenue by segment

|                                       | 2020<br>£m   | 2019<br>£m<br>Reported | 2019<br>£m<br>Constant<br>Currency | Reported<br>change | Constant<br>Currency<br>Change |
|---------------------------------------|--------------|------------------------|------------------------------------|--------------------|--------------------------------|
| <b>Revenue by Division</b>            |              |                        |                                    |                    |                                |
| > Rates                               | 510          | 537                    | 534                                | -5%                | -4%                            |
| > Credit                              | 90           | 94                     | 93                                 | -4%                | -3%                            |
| > FX & Money Markets                  | 186          | 201                    | 200                                | -7%                | -7%                            |
| > Emerging Markets                    | 183          | 213                    | 209                                | -14%               | -12%                           |
| > Equities                            | 201          | 199                    | 196                                | +1%                | +3%                            |
| > Inter-division revenues             | 18           | 18                     | 18                                 | 0%                 | 0%                             |
| <b>Total Global Broking</b>           | <b>1,188</b> | 1,262                  | 1,250                              | -6%                | -5%                            |
| Energy & Commodities                  | 388          | 379                    | 376                                | +2%                | +3%                            |
| > Inter-division revenues             | 3            | 3                      | 3                                  | 0%                 | 0%                             |
| <b>Total Energy &amp; Commodities</b> | <b>391</b>   | 382                    | 379                                | +2%                | +3%                            |
| <b>Institutional Services</b>         | <b>91</b>    | 75                     | 75                                 | +21%               | +21%                           |
| <b>Data &amp; Analytics</b>           | <b>145</b>   | 135                    | 133                                | +7%                | +9%                            |
| <b>Inter-division eliminations</b>    | <b>(21)</b>  | (21)                   | (21)                               | 0%                 | 0%                             |
| <b>Reported Revenues</b>              | <b>1,794</b> | 1,833                  | 1,816                              | -2%                | -1%                            |
| <b>Revenue by Region</b>              |              |                        |                                    |                    |                                |
| EMEA                                  | 888          | 900                    | 898                                | -1%                | -1%                            |
| Americas                              | 670          | 687                    | 675                                | -2%                | -1%                            |
| Asia Pacific                          | 236          | 246                    | 243                                | -4%                | -3%                            |
| <b>Reported Revenues</b>              | <b>1,794</b> | 1,833                  | 1,816                              | -2%                | -1%                            |

## 2. Constant Currency – Adjusted operating expenses

|   | 2020<br>£m   | 2019<br>£m<br>Reported | 2019<br>£m<br>Constant<br>Currency | Reported<br>change | Constant<br>Currency<br>Change |
|---|--------------|------------------------|------------------------------------|--------------------|--------------------------------|
| <b>Operating expenses</b>                 |              |                        |                                    |                    |                                |
| > Broker compensation                     | 902          | 900                    | 893                                | 0%                 | +1%                            |
| > Other front office costs                | 162          | 193                    | 189                                | -16%               | -14%                           |
| > Data & Analytics costs                  | 50           | 46                     | 46                                 | +9%                | +9%                            |
| <b>Total front office costs</b>           | <b>1,114</b> | 1,139                  | 1,128                              | -2%                | -1%                            |
| > Other staff costs                       | 224          | 215                    | 213                                | +4%                | 5%                             |
| > Technology and related costs            | 69           | 59                     | 58                                 | +17%               | +19%                           |
| > Premises and related costs              | 27           | 26                     | 26                                 | +4%                | +4%                            |
| > Depreciation and amortisation           | 56           | 56                     | 55                                 | 0%                 | 0%                             |
| > Other administrative costs              | 46           | 75                     | 74                                 | -39%               | -38%                           |
| <b>Total management and support costs</b> | <b>422</b>   | 431                    | 426                                | -2%                | -1%                            |
| <b>Adjusted operating costs</b>           | <b>1,536</b> | 1,570                  | 1,554                              | -2%                | -1%                            |

**Appendix – Alternative Performance Measures**  
continued

**3. Operating costs by type**

|   | IFRS<br>Reported<br>£m | Significant<br>Items<br>£m | Adjusted<br>£m | Allocated as<br>Front Office<br>£m | Allocated as<br>Support<br>£m |
|---|------------------------|----------------------------|----------------|------------------------------------|-------------------------------|
| <b>2020</b>                                       |                        |                            |                |                                    |                               |
| Employment costs                                  | 1,153                  | (6)                        | 1,147          | 923                                | 224                           |
| General and administrative expenses               | 360                    | (27)                       | 333            | 190                                | 143                           |
| Depreciation and impairment of PPE and ROUA       | 37                     | (1)                        | 36             | –                                  | 36                            |
| Amortisation and impairment of intangibles assets | 59                     | (39)                       | 20             | 1                                  | 19                            |
| Impairment of other assets                        | 23                     | (23)                       | –              | –                                  | –                             |
|   | <b>1,632</b>           | <b>(96)</b>                | <b>1,536</b>   | <b>1,114</b>                       | <b>422</b>                    |
| <b>2019</b>                                       |                        |                            |                |                                    |                               |
| Employment costs                                  | 1,154                  | (20)                       | 1,134          | 919                                | 215                           |
| General and administrative expenses               | 435                    | (55)                       | 380            | 218                                | 162                           |
| Depreciation and impairment of PPE and ROUA       | 34                     | (1)                        | 33             | 1                                  | 32                            |
| Amortisation and impairment of intangibles assets | 69                     | (46)                       | 23             | 1                                  | 22                            |
| Impairment of other assets                        | 24                     | (24)                       | –              | –                                  | –                             |
|   | <b>1,716</b>           | <b>(146)</b>               | <b>1,570</b>   | <b>1,139</b>                       | <b>431</b>                    |

**4. Adjusted earnings**

The earnings used in the calculation of adjusted earnings per share are set out below:

|                               | 2020<br>£m | 2019<br>£m |
|-------------------------------|------------|------------|
| Earnings for the year         | 97         | 68         |
| Non-controlling interests     | (1)        | (1)        |
| <b>Earnings</b>               | <b>96</b>  | <b>67</b>  |
| Significant items (page 34)   | 94         | 137        |
| Taxation on significant items | (7)        | (15)       |
| <b>Adjusted earnings</b>      | <b>183</b> | <b>189</b> |

**5. Provisions – movements relating to significant items**

|                                       | Property<br>£m | Restructuring<br>£m | Legal<br>and other<br>£m | Total<br>£m |
|---------------------------------------|----------------|---------------------|--------------------------|-------------|
| <b>2020</b>                           |                |                     |                          |             |
| At 1 January 2020                     | 6              | 8                   | 33                       | 47          |
| Charge/(credit) to income statement   |                |                     |                          |             |
| > significant items                   | 2              | 5                   | (2)                      | 5           |
| > other                               | –              | 3                   | (3)                      | –           |
| Utilisation of provision              |                |                     |                          |             |
| > significant items                   | (1)            | (5)                 | (4)                      | (10)        |
| > other                               | –              | (2)                 | –                        | (2)         |
| Effect of movements in exchange rates | –              | –                   | –                        | –           |
| At 31 December 2020                   | <b>7</b>       | <b>9</b>            | <b>24</b>                | <b>40</b>   |

Net movement relating to significant items of £(5)m.

# Appendix – Directors report of TP ICAP Group plc

For the period from 23 December 2019 to 31 December 2020

Company Number 130617

The directors present their Annual Report and the audited financial statements for the period from incorporation on 23 December 2019 to 31 December 2020 (the “period”).

## Principal activity and review of the business

TP ICAP Group plc is a holding company incorporated in Jersey. It is a public company limited by shares. Pursuant to a Scheme of Arrangement (the ‘Scheme’) in the United Kingdom on 26 February 2021, TP ICAP Group plc became the new parent company of TP ICAP plc (subsequently renamed TP ICAP Limited and these names have been used interchangeably throughout this report) and its subsidiaries (together the ‘Group’). Shareholders of TP ICAP plc at the date of the Scheme received one share in TP ICAP Group plc in exchange for each share held in TP ICAP plc.

The executive directors of TP ICAP Group plc are also executive directors of TP ICAP plc. The Non-executive Directors (including the Chair) of TP ICAP plc were appointed as Non-executive Directors of TP ICAP Group plc with effect from the Scheme effective date on 26 February 2021. Members of the committees of the board of TP ICAP plc were also appointed as members of the equivalent committees of the board of TP ICAP Group plc on the Scheme effective date. The directors prepared the Annual Report of TP ICAP Limited as if it remained quoted on the date of approval on the financial statements, including the relevant disclosures required by the UK Listing Authority’s Disclosure Guidance and Transparency Rules (“DTR”). With the exception of the Scheme, and TP ICAP Group plc becoming the new parent of the Group, the Group remains fundamentally unchanged and, therefore, the DTR disclosures in the TP ICAP Limited Annual Report are also applicable for TP ICAP Group plc.

## Going concern

As TP ICAP Group plc became the new parent company of TP ICAP plc and its subsidiaries on 26 February 2021, the directors have performed a going concern assessment for the Group in determining whether TP ICAP Group plc is a going concern. The Group has sufficient financial resources to meet the Group’s ongoing obligations. The Directors have assessed the outlook of the Group, including consideration of the enlarged group following the anticipated acquisition of the Liquidnet group, for at least 12 months from date of approval of the financial statements by considering medium term projections as well as stress tests and mitigation plans. These forecasts and stress tests take into account both the ongoing COVID-19 pandemic and Brexit. Based on this assessment the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Annual Report continues to be prepared on the going concern basis.

## Compliance with the UK Corporate Governance Code

The directors reviewed the principles and provisions of the UK Corporate Governance Code 2018 (the ‘Code’) and its compliance with the Code as the successor holding company of the Group from 26 February 2021. The directors confirm that TP ICAP Group plc has applied the Code principles and complied in full with the provisions from the 26 February 2021 to the date of this Annual Report. Compliance with the Code by the predecessor holding company of the Group, TP ICAP Limited, is set out in the Group’s Annual Report and Accounts 2020. The Code can be found on the Financial Reporting Council (‘FRC’) website, [www.frc.org.uk](http://www.frc.org.uk).

## Compliance with the UK Listing Authority’s Listing rules, Disclosure Guidance and Transparency Rules

The directors reviewed the principles and provisions of the UK Listing Authority’s Listing rules, Disclosure Guidance and Transparency Rules (the ‘Rules’), and confirm TP ICAP Group plc’s compliance with the Rules as the successor holding company of the Group from 26 February 2021 to the date of this Annual report.

## Directors

The following persons were directors of TP ICAP Group plc during the period and up to the date of this report, unless otherwise stated:

N Breteau (appointed on 23 December 2019)  
R Stewart (appointed on 23 December 2019)  
P Price (appointed on 23 December 2019)  
R Berliand (appointed on 26 February 2021)  
R Perkin (appointed on 26 February 2021)  
E Ng (appointed on 26 February 2021)  
K Cates (appointed on 26 February 2021)  
T Clarke (appointed on 26 February 2021)  
A Crawford-Ingle (appointed on 26 February 2021)  
M Heaney (appointed on 26 February 2021)  
M Hemsley (appointed on 26 February 2021)  
A Knight (appointed on 26 February 2021)

## Directors’ responsibilities

The directors are responsible for preparing the Annual Report and 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 have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 (“FRS 102”). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and accounting estimates that are reasonable and prudent;
- > state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that TP ICAP Group plc will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain TP ICAP Group plc’s transactions and disclose with reasonable accuracy at any time the financial position of TP ICAP Group plc and enable them to ensure that the financial statements comply with the Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of TP ICAP Group plc and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report is authorised for issue by the board of directors.

Approved by the board and signed on its behalf by:

**R Stewart**  
Director  
23 March 2021

# Independent Auditor's Report to the members of TP ICAP Group plc

## Report on the audit of the financial statements

### 1. Opinion

In our opinion the financial statements of TP ICAP Group plc:

- > give a true and fair view of the state of the TP ICAP Group plc's affairs as at 31 December 2020 and of the TP ICAP Group plc's result for the period then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- > have been properly prepared in accordance with Companies (Jersey) Law, 1991.

We have audited the financial statements which comprise:

- > the Income Statement;
- > the Balance Sheet; and
- > the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### 2. 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 TP ICAP Group plc 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 entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### 3. Summary of our audit approach

|                          |   |
|--------------------------|---|
| <b>Key audit matters</b> | The key audit matter that we identified in the current period was:<br><br>> Accounting for the waiver from TP ICAP Limited                          |
| <b>Materiality</b>       | The materiality that we used in the current period was £368 which was determined on the basis of 3% of expenses (excluding the external audit fee). |

### 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In December 2019, TP ICAP Limited (formerly TP ICAP plc) and its subsidiaries (together the "TP ICAP group" or the "group") announced its intention to put in place a new Jersey-incorporated, United Kingdom tax resident parent company by means of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006. The Scheme became effective on 26 February 2021 and, at that time, TP ICAP Group plc became the new parent company of the Group. Therefore, our evaluation of the directors' assessment of TP ICAP Group plc's ability to continue to adopt the going concern basis of accounting included the following procedures over the ability of the TP ICAP group to continue as a going concern:

- > Challenging the underlying data and key assumptions used to make the assessment, including cash flow forecasts, impact of the proposed acquisition of Liquidnet Holdings Inc and its subsidiaries and the impact of COVID-19;
- > Performing stress tests in relation to key assumptions;
- > Evaluating the group directors' plans for future actions, including evaluating the feasibility of the mitigating actions that they control, in relation to their going concern assessment; and
- > Considering the group's forecasts in the context of the ongoing Brexit readiness plan and the potential impact of the Group's delay in relocating staff to EU member states and, therefore, the loss of EU passporting rights.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the TP ICAP Group plc's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### 5. 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.



### 5.1. Accounting for the waiver from TP ICAP Limited

|   |  |
|---|--|
| <b>Key audit matter description</b>                                 | <p>The expenses of TP ICAP Group plc, primarily legal and management services fees incurred in relation to the formation of the entity and the external audit for the period, were paid by TP ICAP Limited (formerly TP ICAP plc).</p> <p>In order to maintain the solvency of TP ICAP Group plc, TP ICAP Limited irrevocably waived their right to repayment of these expenses. As the TP ICAP Group plc was not a subsidiary of TP ICAP Limited at the balance sheet date, the waiver cannot be classified as a capital contribution in accordance with FRS 102. Management have accounted for the waiver of these expenses as other income.</p> <p>Therefore, as set out on page 210, there is a significant accounting policy with respect to accounting for the waiver.</p> |
| <b>How the scope of our audit responded to the key audit matter</b> | <p>Supported by our in-house accounting specialists, we reviewed the terms of the waiver and management's proposed accounting policy for compliance with FRS 102.</p> <p>We considered the terms of the waiver and whether it had effect at the balance sheet date.</p> <p>Additionally, we tested the completeness of expenses recognised by TP ICAP Group plc and reviewed the waiver to ensure that all expenses incurred were covered by its terms.</p>  |
| <b>Key observations</b>   | <p>We consider management's accounting treatment to be reasonable.</p>   |

### Our application of materiality

#### 5.2. 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:

|  |  |
|--|--|
| <b>Materiality</b>                         | £368   |
| <b>Basis for determining materiality</b>   | 3% of expenses   |
| <b>Rationale for the benchmark applied</b> | We have determined the account balance to have the most significant impact on the users of the financial statements to be expenses (excluding the external audit fee). This balance is the most significant in terms of quantum in the financial reporting period, therefore this is where the attention of the users of the entity's financial statements is focused. |

#### 5.3. 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. Performance materiality was set at 70% of materiality for the 2020 audit. In determining performance materiality, we considered the following factors:

- > This entity is not a trading entity, but has been set up as an ultimate holding company; and
- > There is low volume of activity within the business, the transactions in the period consist of company formation costs and audit fees.

#### Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £18, 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.

## **6. An overview of the scope of our audit**

### **6.1. Scoping**

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

### **7. Other information**

The other information comprises the information included in the TP ICAP Limited annual report and accounts, including the annual report of TP ICAP Group plc, but excludes the financial statements of TP ICAP Group plc and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

*We have nothing to report in this regard.*

### **8. Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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 TP ICAP Group plc'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 TP ICAP Group plc or to cease operations, or have no realistic alternative but to do so.

### **9. Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **10. Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

#### **10.1. 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 TP ICAP Group plc's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- > results of our enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- > any matters we identified having obtained and reviewed TP ICAP Group plc'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;
  - > 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;
- > the matters discussed among the audit engagement team 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.

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 TP ICAP Group plc 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 Companies (Jersey) Law, 1991, Listing Rules 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 TP ICAP Group plc's ability to operate or to avoid a material penalty.

#### 10.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, 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, those charged with governance 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 and reviewing correspondence with the licensing authority;
- > in addressing the risk of fraud through management override of controls, testing the appropriateness journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; obtaining confirmations from external counsel to test that all expenses have been recorded; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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## Report on other legal and regulatory requirements

### 11. Matters on which we are required to report by exception

11.1. Adequacy of explanations received and accounting records  
Under the Companies (Jersey) Law, 1991 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
- > proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- > the financial statements are not in agreement with the accounting records and returns.

*We have nothing to report in respect of these matters.*

### 12. Use of our report

This report is made solely to TP ICAP Group plc's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the TP ICAP Group plc'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 TP ICAP Group plc and TP ICAP Group plc's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Fiona Walker, FCA

For and on behalf of Deloitte LLP London, UK  
23 March 2021

# TP ICAP Group plc Income Statement

Period ended 31 December 2020

|                               | Notes | Period ended<br>31 Dec 2020<br>£ |
|-------------------------------|-------|----------------------------------|
| Administrative expenses       | 4     | (24,274)                         |
| Other Operating Income        |       | 24,274                           |
| <b>Profit before taxation</b> |       | -                                |
| Taxation                      | 5     | -                                |
| <b>Profit for the period</b>  |       | -                                |

There were no items of other comprehensive income in the period other than the loss reported above and accordingly no Statement of Other Comprehensive Income is presented.

# TP ICAP Group plc Balance Sheet

As at 31 December 2020

|                            | Notes | As at<br>31 Dec 2020<br>£ |
|----------------------------|-------|---------------------------|
| <b>Non-current assets</b>  |       |                           |
| Investment in subsidiary   | 6     | –                         |
| <b>Current assets</b>      |       |                           |
| Other debtors              | 7     | 709                       |
| <b>Current liabilities</b> |       |                           |
| Deferred income            | 8     | (708)                     |
| <b>Net current assets</b>  |       | 1                         |
| <b>Net assets</b>          |       | 1                         |
| <b>Equity</b>              |       |                           |
| Issued capital             | 9     | 1                         |
| Retained profits           |       | –                         |
| <b>Total equity</b>        |       | 1                         |

TP ICAP Group plc made neither a profit or a loss in the current period.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to:

- (a) accounting records; and
- (b) the preparation of financial statements.

The accounts of TP ICAP Group plc (registered number 130617) were approved and authorised for issue by the board of directors on 23 March 2021 and were signed on its behalf by:

**R Stewart**  
Director  
23 March 2021

# Notes to the TP ICAP Group plc Financial Statements

For the period ended 31 December 2020

## Note 1. General information and principal accounting policies

### General Information:

TP ICAP Group plc is a private company limited by shares, incorporated on 23 December 2019 in Jersey. The registered office is 22 Grenville Street, St Helier, Jersey JE4 8PX Channel Islands.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### Going Concern basis

As set out in the Directors' report, the directors have a reasonable expectation that TP ICAP Group plc has adequate resources to continue in existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these financial statements.

### Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Jersey law and Financial Reporting Standard 102 ("FRS 102") Section 1A Small Entities issued by the Financial Reporting Council. As permitted, TP ICAP Group plc has taken advantage of disclosure exemptions, including: Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Income and Retained Earnings, and Statement of Cash Flows.

The financial statements are prepared in Pound sterling, which is the functional currency of TP ICAP Group plc.

### Issued capital

Ordinary shares are classified as equity.

## Note 2. Significant accounting policies

The principal accounting policies adopted are:

- (a) Investments in subsidiaries are recorded at cost less impairment.
- (b) Income and expenses are recorded on an accruals basis. Administrative expenses of TP ICAP Group plc for the period and up to the date of the Scheme were settled by TP ICAP plc, a related party by virtue of common directorships. As TP ICAP plc was not a shareholder of TP ICAP Group plc, this has been recorded as other income in the Income Statement of TP ICAP Group plc. TP ICAP plc waived any right to repayment.
- (c) Debtors are recognised at amortised cost less provision for impairment.

## Note 3. Key accounting judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances.

## Note 4. Administrative expenses

|  | As at<br>31 Dec 2020<br>£ |
|--|---------------------------|
| External audit fees (inclusive of VAT) | 12,000                    |
| Professional services                  | 11,289                    |
| Other administrative fees              | 985                       |
|  | <b>24,274</b>             |

## Note 5. Taxation

No tax was payable on the result for the period.

## Note 6. Investment in subsidiary

TP ICAP Group plc holds one 1p share in TP ICAP Holdings Limited, a wholly owned subsidiary.

## Note 7. Other debtors

|                                       | As at<br>31 Dec 2020<br>£ |
|---------------------------------------|---------------------------|
| Owed by shareholders on incorporation | 1                         |
| Prepayment – related party            | 708                       |
|                                       | <b>709</b>                |

Prepayment relates to administrative expenses for January 2021 invoiced in the period to 31 December 2020 to which TP ICAP plc, a related party by virtue of common directorships, agreed to settle.

## Note 8. Deferred income

Deferred income relates to administrative expenses for January 2021 invoiced in the period to 31 December 2020 to which TP ICAP plc, a related party by virtue of common directorships, agreed to settle.

## Note 9. Equity – Issued capital

|   | As at<br>31 Dec 2020<br>£ |
|---|---------------------------|
| Authorised share capital<br>20,000,000,000 ordinary shares of 25p |                           |
| Issued share capital<br>2 ordinary shares of 25p                  | 1                         |

## Note 10. Events after the balance sheet date

In December 2019, TP ICAP plc announced its intention to put in place a new Jersey-incorporated, United Kingdom tax resident parent company by means of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 of the United Kingdom (the “Scheme”).

The Scheme became effective on 26 February 2021 and as a result TP ICAP Group plc became the new parent company of TP ICAP plc and the ultimate parent of TP ICAP plc and its subsidiaries.

In March 2021, TP ICAP plc transferred four subsidiaries to TP ICAP Group plc by way of distribution and sale. TP ICAP Group plc in turn transferred these subsidiaries to TP ICAP Holdings Limited. TP ICAP Group plc also received a cash dividend of £306m from TP ICAP plc. The Group will also complete the acquisition of Liquidnet Holdings Inc.

## Note 11. Related party

TP ICAP plc is a related party of TP ICAP Group plc, by virtue of common directorships up to the date of the Scheme and subsequently as a wholly owned subsidiary. During the period ended 31 December 2020 and up to the date of the Scheme, TP ICAP plc settled administrative expenses of TP ICAP Group plc. This is disclosed in the Income Statement, Note 2 Significant accounting policies, Note 7 Other debtors and Note 8 Deferred income.

# Glossary

|  |  |  |
|--|--|--|
| <b>Act</b><br>The Companies Act 2006   | <b>ERMF</b><br>Enterprise Risk Management Framework  | <b>MTF</b><br>Multilateral Trading Facility                  |
| <b>AGM</b><br>Annual General Meeting   | <b>EU</b><br>European Union  | <b>NDF</b><br>Non-Deliverable Forwards                       |
| <b>API</b><br>Applications Programme Interface                                     | <b>FCA</b><br>Financial Conduct Authority  | <b>OTC</b><br>Over the Counter                               |
| <b>Board</b><br>The Board of Directors of TP ICAP Limited (previously TP ICAP plc) | <b>FRC</b><br>Financial Reporting Council  | <b>OTF</b><br>Organised Trading Facility                     |
| <b>BRC</b><br>Board Risk Committee   | <b>FX</b><br>Foreign Exchange Currency   | <b>PBT</b><br>Profit before Tax                              |
| <b>CAGR</b><br>Compound Annual Growth Rate   | <b>Governance Manual</b><br>TP ICAP's Group Governance Manual  | <b>Pillar 1</b><br>Minimum capital requirements under CRD IV |
| <b>CAPM</b><br>Capital Asset Pricing Model   | <b>GRCCC</b><br>Group Risk, Culture and Conduct Committee  | <b>Pillar 3</b><br>Disclosure requirements under CRD IV      |
| <b>CCP</b><br>Central counterparty house clearing                                  | <b>Group</b><br>Until 25 February 2021 TP ICAP plc and all of its subsidiaries                           | <b>PVM</b><br>PVM Oil Associates Ltd and its subsidiaries    |
| <b>CGU</b><br>Cash-Generating Unit   | <b>HMRC</b><br>Her Majesty's Revenue & Customs   | <b>RCF</b><br>Revolving Credit Facility                      |
| <b>CLOB</b><br>Central Limit Order Books   | <b>HR</b><br>Human Resources   | <b>RCSA</b><br>Risk Control Self Assessment                  |
| <b>Code</b><br>The UK Corporate Governance Code 2018                               | <b>IAS</b><br>International Accounting Standards   | <b>RFQ</b><br>Request for Quotes                             |
| <b>COEX</b><br>Coex Partners Limited and its subsidiaries                          | <b>ICAP</b><br>ICAP Global Broking and Information Business, acquired by TP ICAP plc on 30 December 2016 | <b>RoE</b><br>Return on Equity                               |
| <b>Company</b><br>TP ICAP Limited (previously TP ICAP plc)                         | <b>IFRS</b><br>International Financial Reporting Standard  | <b>SEF</b><br>Swap Execution Facility                        |
| <b>COO</b><br>Chief Operating Officer  | <b>IRS</b><br>Internal Revenue Service   | <b>TPI</b><br>Tullett Prebon Information                     |
| <b>CRD IV</b><br>Capital Requirements Directive                                    | <b>ISDA</b><br>International Swaps and Derivatives Association   | <b>TRACE</b><br>Anti-bribery compliance solutions            |
| <b>CREST</b><br>Certificateless Registry for Electronic Share Transfer             | <b>KPI</b><br>Key Performance Indicator  | <b>TSR</b><br>Total Shareholder Return                       |
| <b>Deloitte</b><br>Deloitte LLP  | <b>LIBOR</b><br>London Inter-Bank Offered Rate   | <b>UK</b><br>United Kingdom                                  |
| <b>DRIP</b><br>Dividend Reinvestment Plan  | <b>LTIP</b><br>Long Term Incentive Plan  | <b>US/USA</b><br>United States of America                    |
| <b>EBITDA</b><br>Earnings before interest, tax, depreciation and amortisation      | <b>LTIS</b><br>Long Term Incentive Scheme  | <b>USD/US\$</b><br>US Dollars                                |
| <b>EMEA</b><br>Europe, Middle East and Africa                                      | <b>MiFID II</b><br>Markets in Financial Instruments Directive  | <b>VAT</b><br>Value Added Tax                                |
| <b>EPS</b><br>Earnings per Share   | <b>MOAB</b><br>Moab Oil Inc.   | <b>VIU</b><br>Value in use                                   |





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