TP ICAP plc

Annual Report and Accounts for the year ended 31 December 2018

Company Number: 5807599

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

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

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

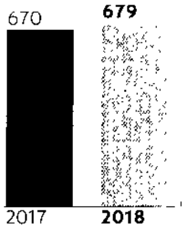
> We are a trusted partner to our clients, enabling them to transact with confidence.

Contents

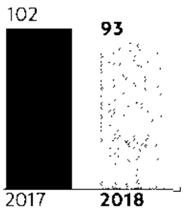
Financial and strategic highlights

Revenue (£m)

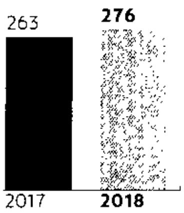
Contribution (£m)



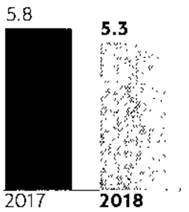
Operating profit – statutory *(£m)*



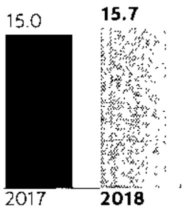
Operating profit – underlying[1] *(£m)*



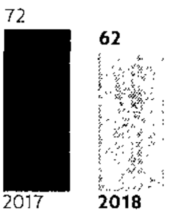
Operating margin – statutory (%)



Operating margin – underlying[1] (%)

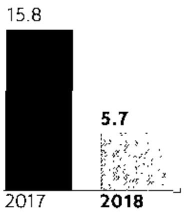


Profit before tax – statutory (£m)

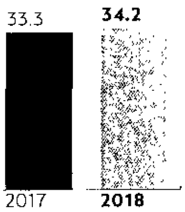


Profit before tax – underlying[1] (£m)

Basic earnings per share – statutory (p)



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



Operational performance[2]

- A resilient performance in a mixed market environment.
- Global Broking revenue increased 3% at constant exchange rates, driven by Rates and Equities.
- Strong growth in Institutional Services and Data & Analytics businesses which have grown by 16% and 8% respectively at constant exchange rates.
- Energy & Commodities experienced a 1% decline in revenues at constant exchange rates due to challenging market conditions.
- Total contribution increased by 4% to £679m (2017: £655m) at constant exchange rates.
- Integration programme on track with synergy savings[3] achieved to date of £71m per annum.

Strategic highlights

- Focus on enhancing our competitive position.
- Increased investment allocated to our Data & Analytics business.
- A renewed and strengthened senior management team.
- New strategic pillars founded on Technology, Operational Excellence, People and Diversification.

Dividend

- Interim dividend of 5.6p per share declared on 9 November 2018.
- Final dividend recommended of 11.25p per share due to be paid 21 May 2019.
- Total dividends in respect of 2018: 16.85p (2017: 16.85p)

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

2 Revenue growth rates are calculated using revenue for 2017 translated at the same exchange rates as 2018. The statutory revenue figures as reported in 2017 and 2018 are shown in Note 4 to the Consolidated Financial Statements

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

At a glance

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

Our brands

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

Global Broking	Energy & Commodities	Institutional Services	Data & Analytics

Our vision, purpose, method and values

Our vision
What we want to be

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

Our purpose
What we want to do

To provide access to financial markets and facilitate the flow of capital, energy and commodities around the world, improving pricing and contributing to economic growth.

Our method
How we accomplish our purpose

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

Our values
How we seek to act

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

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

How we transact

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

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

Our business model

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

Our resources

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

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

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

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

Data
We have a unique competitive advantage as the largest provider of OTC pricing data in the world

International network
We are able to service our clients across the world's three geographic regions, in 31 countries

What we do

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

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

Matched Principal
Around one fifth of the Group's broking revenue is derived from Matched Principal activities, where the Group is the counterparty to both the buyer and seller of a matching trade. The Group bears the risk of counterparty default during the period between execution and settlement of the trade.

Executing Broker
The remainder of the Group's broking revenue is derived from operating as an Executing Broker, where the Group executes transactions on certain regulated exchanges in respect of client orders, and then 'gives-up' the trade to the relevant client (or its clearing member).

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

What makes us relevant

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

The Group's business model is based on providing an intermediation service to clients, which can be provided without taking credit and market risk.

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

How we are organised

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

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

Energy & Commodities
Our Energy & Commodities division services markets in oil, gas, power, renewables, precious and non-precious metals, soft commodities and coal.

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

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

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

Where we operate

Americas
Revenue
£636m
(2017: £628m)

EMEA
Revenue
£886m
(2017: £877m)

Asia Pacific
Revenue
£241m
(2017: £252m)

The value we create

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

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

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

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

Society
We have a well developed corporate and social responsibility programme as well as a highly successful charity day that has raised almost £145m over the last 26 years

Chairman's statement

Rupert Robson
Chairman

Dear shareholder,

I am pleased that the Group was able to demonstrate its resilience during 2018, delivering solid results in a challenging year. Following the transformational acquisition of the ICAP global broking business in late 2016, the enlarged Group encountered a number of difficulties with its subsequent integration plans in 2018 which resulted in the need for the trading update and the change of management announced in the middle of the year. Since then the business has been reset, the appointments of a new Chief Executive Officer and Chief Financial Officer have settled, and the business has delivered results in line with the expectations set at that time.

I am more than aware that shareholders suffered during this period. However, the Board and the executive team have not hesitated in addressing the underlying issues, and engaging quickly with the task of resetting the business.

These results demonstrate that the Group has been stabilised as a result of the decisions taken and, as forecast, the Company has maintained its dividend. We are now looking forward to the completion of the integration in 2019, and the further development of initiatives which will support our platform for the future. This will support TP ICAP's position as a dynamic and innovative business at the heart of the wholesale financial, energy and commodities markets. Through its leading market position, it plays an essential role in making markets work effectively.

Trading and dividend
Reported revenue of £1,763m in 2018 was in line with 2017 (3% higher at constant exchange rates) with underlying operating profit increasing by 5% to £276m compared to 2017. On a statutory basis, operating profit decreased by 9% to £93m reflecting an impairment of goodwill of £65m. Our underlying performance reflected improving levels of activity in our Rates business, and strong performances in our Equities business and in our Data & Analytics division, offset by a weaker performance in Energy & Commodities and Credit.

The underlying operating profit margin in 2018 of 15.7% was 0.7 percentage points higher than in 2017. The statutory operating profit margin in 2018 of 5.3% was 0.5 percentage points lower than in 2017. Basic earnings per share were 5.7p (2017: 15.8p) and underlying earnings per share for 2018 of 34.2p were 0.9p higher than in 2017.

The Board declared an interim dividend of 5.6p per share paid on 9 November 2018 and is recommending a final dividend of 11.25p per share to be paid on 21 May 2019 (with a record date of 5 April 2019).

Governance
The Company and its shareholders confronted a number of challenges concerning its direction and performance in 2018. These difficulties included unlocking the benefits of the combination of Tullett Prebon and ICAP as well as managing rising costs in the areas of adherence to regulation, risk management, compliance and technology. After carefully reviewing the performance of the Group in the second quarter of the year and thorough consideration of the underlying issues, the Company issued a trading update in early July and announced the Board's decision to appoint a new Chief Executive Officer. The trading update clarified in particular the relationship between the integration synergies and the continuing need for investment in our core regulatory, risk and compliance functions and in technology to support our business into 2019 and beyond. The update also announced important investment initiatives, the benefits of which are explained further in this Annual Report.

"The 2018 results and the appointment of the new leadership team provide a strong foundation for the next stage of the Group's development."

The acquisition of the ICAP global broking business has given the Group an extremely strong platform for the future. Our sector has consolidated and will continue to do so. TP ICAP is the largest company in its sector. The Board felt, however, that it should act decisively in order to deliver the detail of the integration of the ICAP business and secure the Group's medium-term strategy. A rigorous process was followed in order to review carefully the Group's position and to select a new Chief Executive Officer. The interests of shareholders and other stakeholders were at all times at the forefront of the Board's deliberations, as was the observance of appropriate governance principles.

We were pleased to be in a position to move quickly with the appointment of Nicolas Breteau as Chief Executive Officer and main Board Director. We were also pleased to confirm Robin Stewart's appointment as Chief Financial Officer (a role he had fulfilled on an interim basis since the end of 2017) and member of the Board. Philip Price joined the Board as an additional Executive Director in September 2018. Between them, the Executive Directors have a detailed knowledge of the Group and a wide network within, and outside, the organisation and provide the Board with the depth and breadth of information it requires to carry out its role effectively. All three Executive Directors have played a vital role in the transition process and stabilisation of the Group last summer and since. Between them, they have a deep understanding of the Group's business and of the challenges and opportunities that it has in front of it.

Further Board changes

We saw a number of other changes to the Board during the year. I would like to thank Carol Sergeant, who recently retired as Non-executive Director, and Stephen Pull who has decided not to seek re-election at the forthcoming Annual General Meeting. Both of them have made significant and important contributions during their years of service.

As described in last year's Annual Report, we now have a structured programme of Board refreshment on an annual basis. Three new Non-executive Directors have joined us in the last 18 months. We welcomed Edmund Ng, based in Hong Kong, to the Board in November 2017. This was followed by Michael Heaney joining the Board in January 2018. Both Edmund and Michael have extensive hands-on markets experience. In July 2018, Lorraine Trainer was appointed as a Non-executive Director and Chair elect of the Remuneration Committee. She brings considerable experience in human resources and has been appointed a member of the Remuneration, Audit and Nominations and Governance Committees.

Earlier in the year, I announced that I would be retiring as Chairman of the Company at the year end. We were delighted to announce in December 2018 that Richard Berliand will be my successor. He joined the Board initially as Chairman designate on 19 March 2019. In order to facilitate the handover, I agreed to defer my retirement some months, and Richard will now assume the Chairmanship at the conclusion of the Annual General Meeting on 15 May 2019 when I retire. He and I are working together closely and will continue to do so to ensure a thorough induction and handover.

Engagement with stakeholders

The Board will continue to review its programme of wider engagement with the Group's key stakeholders.

The Executive Directors maintain an extensive and regular programme of engagement with shareholders both around interim and full year reporting and on an ad hoc basis. I know that Richard Berliand is also intending to engage meaningfully with shareholders on subjects such as strategic development, succession planning and Board composition.

During 2018 the Board considered ways to supplement the various existing mechanisms in place to ensure meaningful engagement with our workforce. We have now designated three Non-executive Directors, one based in each of our three regions, as workforce engagement leads. You are able to read more about this and other key stakeholder engagement in the Governance Report on pages 66 and 67.

Outlook

The 2018 results and the appointment of the new leadership team provide a strong foundation for the next stage of the Group's development. This is focused in the coming months on completing the realisation of the benefits to be derived from the combination of Tullett Prebon and ICAP. The new team, supported by the Board under the leadership of Richard, will then turn its full attention to the delivery of the medium and long-term strategy for optimisation of our business model and to unlock the full potential of the Group's position in its various markets, its underlying technology and its people

I am confident that the business case for the Group remains compelling and the leadership is now in place to deliver on our market leading potential in the years to come.

I would like to record my sincere thanks for the support of both current and past colleagues on the Board throughout my time with the Group, and for the continuing efforts of all our partners and employees who have contributed to the Group's successes.

Rupert Robson
Chairman
19 March 2019

Chief Executive Officer's review

Nicolas Breteau
Chief Executive Officer

"The Group delivered a resilient performance in 2018. Despite the challenges we faced, my belief in TP ICAP's potential has never wavered."

Dear shareholder,

I have worked in the Group since 2015, most recently as Head of the Global Broking division, and before that, in a number of organisations that are clients of the Group. As I have got to know the organisation better, I have seen energy and commitment from our global workforce, which will help us achieve our strategic goals. Despite the challenges we have faced, my belief in TP ICAP's potential has never wavered.

Financial performance
The Group delivered a resilient performance in 2018. This is borne out in the results, which show growth in revenues (at constant exchange rates), underlying operating profit and underlying operating profit margin.

Revenues grew by 3% on a constant exchange rate basis to £1,763m (and were in line on a statutory basis). We achieved an underlying operating profit of £276m, an increase of 5% over £263m in 2017. Our underlying operating profit margin of 15.7% was 0.7 percentage points higher than in 2017. Statutory profit after tax of £23m is lower than the £75m reported in 2017. Statutory profit after tax in 2018 includes a £65m impairment of goodwill.

Regional performance

Performance across our regions was mixed with the Americas and EMEA seeing revenue growth on a constant exchange rate basis as they benefited from an improvement in market conditions. Asia Pacific saw revenues decline due to challenging market conditions in the Energy & Commodities business as well as a reduction in broker headcount.

Our business divisions

Global Broking

Global Broking is our largest division, with revenues of £1,278m in 2018 (2017: £1,244m at constant exchange rates). One of the division's fundamental strengths is its long-established relationships with investment banks. Although many of the division's business sub-segments are mature, the pace of change in client behaviour and preferences has never been greater. This gives us the opportunity to evolve our services in line with client needs, adding new revenue streams and increasing customer loyalty.

Markets have been mixed with certain products (Rates and Equities) benefiting from favourable conditions, while others, such as Credit and FX & Money Markets, have faced more challenging conditions. During 2018 we have invested in both our people and technology to provide a platform for growth. In particular we have diversified our services, filling in gaps in our coverage in equity derivatives, delta one and high yield bonds. The growth in Equities during the year (up 18%), particularly in the US, also highlights the benefits of hiring the best people, and the impact that can have on overall broking contribution.

We continue to invest in hybrid technology across both brands and increase the amount of revenues that are significantly dependent on this technology. We have seen growth in a number of products that now use technologies that improve the efficiency of execution for our customers and provide better pricing. This doesn't necessarily mean the reduction in the role of the broker but a change in the way that they operate.

There has been a renewed emphasis on introducing pure electronic solutions, with new volume matching products delivered both in the US and UK. As I will reference later, the aggregation of liquidity is key to enhancing the competitive position of our broking business and we have made progress across a number of product classes including FX, Rates and Credit. This has enabled the Group's multiple business brands to deliver their liquidity to customers via a combined portal that provides single sign-on and connectivity, enabling customers to benefit from the liquidity provided by those brands.

Energy & Commodities

In Energy & Commodities, our second largest division, revenues were £331m in the year down 1% on a constant exchange rate basis compared to prior year.

During 2018 we added two bolt-on acquisitions to this division. In January we acquired SCS Commodities, a broker based in New Jersey in the US. It deals with crude oil futures, soft commodities, petroleum and refined products, natural gas options and crude oil options. In November we acquired Axiom, which specialises in crude oil, refined oil products, ethanol and physical grains. Axiom reinforces our presence in Houston where it is headquartered. This is the primary oil hub in the western hemisphere and the addition of the Axiom team almost doubles our footprint there.

The energy and commodities broking industry is fragmented with many small firms, especially in the US. The US build out is part of our global diversification strategy and we believe we can continue this trend of doing bolt-on acquisitions and become the acquirer of choice. We now have a core competency of adding acquisitions and their incremental revenues to our existing infrastructure and support backbone.

We also diversified our service organically, adding weather derivative broking and extending the activities of PVM from oil into gas and power in the US.

The diversity of products in the sector provides us with the potential to continue to expand our offering and revenue sources.

We have prioritised investment in an artificial intelligence application that will equip our brokers with client-specific tailored analysis, with personalised feeds of news, pricing, historical patterns of activity and correlations. The broker then has more colour and insight to inform dialogue with customers. The prototype has been released for testing to a small number of users, with ongoing releases during this year and next. We aim to roll out a production version to a larger population in the second half of this year.

Institutional Services

In our Institutional Services division we achieved revenues of £37m in the year, an increase of 16% over 2017 on a constant exchange rate basis.

The underlying business now has good top-line momentum as well as healthy margins. We have refocused to concentrate initially on products where we can capture immediate business with buyside clients such as listed derivatives, foreign exchange, foreign exchange options, credit and debt solutions. We have put in place an active multi-product sales team to market and sell our service offering across the range of products and execution protocols.

Chief Executive Officer's review continued

There are a large number of potential clients we target including the large hedge funds.

We are now also actively targeting asset managers as clients. To accelerate this, we are progressing with the order management system connectivity that will allow these clients to connect to us directly without a big technological effort at their end. We believe that when this goes live our ability to transact for those clients will open up a significant new fee pool.

Data & Analytics

In our Data & Analytics division we grew revenues by 8% in the year to £117m on a constant exchange rate basis, reflecting accelerated revenue growth in the second half of the year.

We made some significant changes to our Data & Analytics business during 2018 which have resulted in an increased contribution while preserving a static cost base in the underlying business.

These changes include unifying two salesforces that can now market a broader suite of products to each client, and creating a channel management function to optimise our relationship with our current distribution partners as well as target new ones. This gives us better control over the commercial terms on which our content is sold. We also accelerated our client audit programme to ensure we are fully remunerated for the usage of our data.

We set up a product management team who are developing a pipeline of new products from data sets gathered as a result of closer collaboration with Global Broking. We now have a go-to-market product implementation process and have increased the launch rate of new products. In the second half of 2018, we launched four new Data & Analytics products and to date in 2019, we have introduced a further seven new products to our clients.

Data & Analytics continues to exhibit a strong organic growth trajectory coupled with attractive margins and recurring revenues underpinned by customer loyalty.

The integration

During 2018 we carried out a review of the integration programme of our predecessor businesses, Tullett Prebon and ICAP Global Broking, and we announced a revised synergy target of £75m in the summer. We achieved run rate savings of £71m in 2018 and expect to deliver the remaining £4m in 2019. By the end of 2018 we had spent £130m on the integration process and we anticipate a total cost of integration of £160m. This is a significant amount of money and not all of it has been spent as effectively as it should have been. However, it is necessary to spend to complete the integration so that we have a scalable platform from which to grow the business.

Completing the integration this year is one of our key priorities and the process is now run by our new Group Chief Operating Officer, Martin Ryan who joined TP ICAP in December 2018 and comes with over 20 years of experience of running operations and technology in both market infrastructure environments and investment banking.

We have made real progress on the integration but we have a lot more work to do this year. Most of this relates to the consolidation of IT networks, applications and data centres that we use to run the business. This will give us an infrastructure that is scalable, allows for future innovation, and that enables us to streamline our post-trade processing to increase efficiency and reduce operational risk.

This programme of work entails decommissioning core IT applications. We started off with 78, of which 32 will be decommissioned. As part of the integration programme we will also be reducing the number of data centres we support. At the date of acquisition, we had 15 data centres and so far we have closed four. We plan to reduce this to six, keeping two in each region.

> "I have seen energy and commitment from our global workforce, which will help us achieve our strategic goals."

As we do this, we are moving more workload to cloud based infrastructure.

On real estate, we have now co-located all our brokers in New York and Singapore, as well as our energy brokers in London. We are planning to move all our Global Broking and Data & Analytics staff in London to new headquarters at 135 Bishopsgate during 2020. We continue to move certain activities within our corporate functions to our centre in Belfast. We had 130 people in Belfast at the end of 2018 and we expect to have about 300 people by the end of the year with the capacity to add a further 100 in 2020.

While there is still work to be done, we will complete the integration programme by the end of this year although activities to deliver further benefits from the ICAP acquisition will continue into 2020.

New risk framework

We are undertaking a complete review and enhancement of our global risk management framework to take into account the scale and diversity of the business that we now do and to respond to regulatory expectations. This involves developing our risk based management information and reporting processes to provide better linkage between the day-to-day management of risks in the business and the Group's risk appetite, governance and oversight.

As part of the integration programme we are simplifying our corporate structure and reducing the number of legal entities within the Group. This will enable us to reduce the number of regulated entities and venues that we run which, in turn, improves risk management. This will simplify matters for ourselves, our employees and our clients and make it clearer which counterparties and venues they are interacting with. It will also align our risk governance with the regulator's view of our business.

As a result, in 2018 we spent £1m on our risk framework project and that spending will increase significantly to £5m in 2019. In 2018 we also invested in our in-house internal audit function, which will continue in the current year, further evolving our third line of defence.

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

Brexit

For some months we have been preparing for all Brexit eventualities, including the UK leaving the EU without a deal. In that circumstance, our UK entities would lose their ability to provide services in the EU27 zone using passports, either through branches or on a cross-border services basis and our ability to continue as we have become accustomed would be restricted. Overall, around 90% of our broking revenues are largely unaffected by Brexit, but it still remains a significant regulatory and operational challenge for the Group.

There are two main activity streams to consider depending on the particular location of a client and the specific asset class.

The first stream of activity is that which we carry out in the EU for clients in the EU. To enable EU to EU business we need to operate via both a legal entity and a venue in the EU. We have set up a new subsidiary in France, TP ICAP (Europe) SA, to consolidate our branches in France, Spain and Germany, and to open a branch in the Netherlands. The Group is seeking authorisation from the French prudential regulator for a subsidiary based in France, with branch offices in other EU sites, to provide services in the EU. The Group is advised that notice of authorisation is expected prior to the withdrawal of the UK from the EU.

We have created a multilateral trading facility ('MTF') and two organised trading facilities ('OTF') in the EU so that our EU activity can be conducted on MiFID II venues after 29 March 2019, once authorisation of our French subsidiary has been obtained.

We are relocating iSwap, our electronic rates MTF, to the Netherlands.

The second stream of activity is the business we do for EU based clients through our broking desks in the UK. In a no deal Brexit scenario, we may not be able to conduct this activity after 29 March 2019 in the way we have done to date. We have therefore made plans to adjust our business model so that we can continue to service EU clients from the UK. This involves putting extra broking staff into our EU offices to interact with EU-based customers and changing our workflows.

The ultimate distribution of our staff between the UK and EU will depend on our clients' requirements and locations but, for the foreseeable future, we expect the UK to remain a major centre for financial, energy and commodities markets.

We have put in place contingency plans for a no deal Brexit and we are working hard to minimise the impact but it is difficult to gauge the scale of any impact at this stage.

Chief Executive Officer's review continued

The senior management team
I am privileged to work alongside Robin Stewart, our Chief Financial Officer, who was appointed to the Board with me in July 2018, and Philip Price, our Group General Counsel and Head of Compliance, who was appointed in September 2018. Since taking on the role as Chief Executive Officer last year, my immediate priority was to establish a strong management team that could drive our business forward.

We needed a leader of the Global Broking business (which I had previously run) and in October I appointed John Abularrage to the role. John has a strong track record of leading a very successful operation for TP ICAP in the Americas having joined Tullett Prebon in 2011 from Collins Stewart.

I have also made a change in the leadership of Institutional Services, our agency broking business focused on the buyside and our newest division. This division had made a very good acquisition, COEX Partners Limited, which is the fastest growing part of the TP ICAP business. John Ruskin, who founded COEX, is now running the whole division. He has more than 25 years of experience in the broking industry and before starting COEX was global head of listed products at Newedge.

Andrew Polydor comes with a strong track record and continues to lead the Energy & Commodities division and has successfully completed a number of acquisitions including PVM, SCS Commodities and Axiom. Eric Sinclair heads the Data & Analytics division after joining us from the Toronto Stock Exchange in 2017.

As mentioned above, Martin Ryan has been appointed to the role of Group Chief Operating Officer. I have also appointed Sarah Lewis as our new Group Head of HR. Sarah joined in 2015 as Group Head of Reward and has delivered on a wide range of initiatives, including leading the HR integration activity.

Nicolas Breteau
Chief Executive Officer

Robin Stewart
Chief Financial Officer

John Abularrage
CEO, Global Broking and CEO, Americas

Barry Dennahy
CEO, Asia Pacific

David Goodchild
Chief Risk Officer

Mihiri Jayaweera
Group Head of Strategy

Sarah Lewis
Group Head of Human Resources

Andrew Polydor
CEO, Energy & Commodities

Philip Price
Group General Counsel and Head of Compliance

John Ruskin
CEO, Institutional Services

Martin Ryan
Group Chief Operating Officer

Rebecca Shelley
Group Corporate Affairs Director

Eric Sinclair
CEO, Data & Analytics

Frits Vogels
CEO, EMEA

We now have a clear management structure for the Group with four global business divisions operating alongside Corporate Services across three regions, which means they are more closely aligned with our clients and their needs.

Enhancing our competitive position

Since joining the Group in 2015, I have always been an advocate of the tremendous opportunities afforded to us from the acquisition of ICAP. The initial phase of the integration was focused on cost cutting. We have made progress on this but at the same time we have seen an increase in the costs of running a broking business. These costs reflect the increasing burden of operating in a highly regulated industry and are not within our control. The benefits of being the market leading interdealer broker, with significant scale and the ability to meet the challenges of increased regulatory scrutiny, are more apparent than ever. But for me the key rationale for the acquisition of ICAP was to combine the deepest pools of liquidity in OTC markets. That is the key resource of our business and an enormous source of value. I do not believe that we have fully realised this value as yet and my mission is to ensure that we do.

When we acquired ICAP, we significantly increased the depth and breadth of our broking franchise. Within the combined Group either Tullett Prebon or ICAP is the number one or two interdealer broker in almost every product we trade. The key to realising the value of our broking businesses is by using any one brand's leadership position in a product to improve the overall competitive position of the other competing brand. This can be done by aggregating access to liquidity across brands and regions so that a customer can choose either brand or see a combined view of the liquidity TP ICAP provides access to.

We have already started to implement this concept within the Global Broking business. A practical example would be within our US Latin American Non-Deliverable Forward ('NDF') FX business. ICAP has the deepest pools of liquidity and is the number one brand in this product, while Tullett Prebon has a lower market position. In 2018 we started to provide our clients with a combined portal that provides single sign-on and connectivity, enabling the customer to access not only ICAP's liquidity but also Tullett Prebon's liquidity across brands. The aim of this is to provide access to Tullett Prebon liquidity that customers would not otherwise have accessed regularly. As a result, we expect to see improvement in the revenues of the Tullett Prebon brand, and its overall competitive position, without cannibalisation of the leading ICAP brand. With Tullett Prebon now having a better ability to access clients electronically, TP ICAP is able to increase its overall market share.

Only by completing the integration and having a common infrastructure can we roll this out across every brand and region where it is feasible. This is the real prize for TP ICAP and this is why a great deal of my focus in the last six months has been on enhancing our competitive position and delivering the integration.

The aggregation of liquidity is one of my key objectives alongside the completion of the integration. At the same time, we are starting to lay the foundations for the next phase of the Group's development, which will be underpinned by four key pillars:

> Sustain and enhance our TECHNOLOGY offering so that we can aggregate liquidity and improve functionality and analytical tools for clients. We spend around £130m a year on technology on an ongoing basis.

> We want to be known for our OPERATIONAL EXCELLENCE – an organisation with the capabilities, systems and processes to offer outstanding service to our clients at every point in their interaction with us, while operating efficiently and responsibly.

> TP ICAP is a PEOPLE business and our employees are a key asset. We want a dynamic culture with a strong emphasis on conduct, integrity and risk management. We are committed to recruiting, retaining and developing the very best talent in the industry.

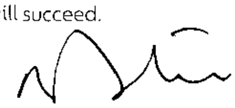
> DIVERSIFY our client base and range of services reflecting the shifts that are taking place in our industry and customers' evolving preferences. Markets are becoming more varied and clients are looking for new ways to access our products and services.

Near term outlook

Some of our segments are showing positive trends, but there is significant variance across products and regions. The political and economic environment within which we operate continues to present us with both opportunities and challenges. While the Group is positive with regard to factors within its control and the proactive changes we are pushing through, there remain many uncertainties. However, I am confident that with a renewed strategy, founded on our strategic pillars, and renewed sense of purpose, we are in a good position to navigate these successfully and make the most of the many opportunities we have to grow.

Concluding comments

We enter 2019 with a lot of work to do to transform the Group. Our employees make TP ICAP what it is, and during some particularly difficult times in 2018, they worked extremely hard and remained committed to serving our customers. I would like to thank every one of them for their enormous contribution. With the capabilities of our skilled and dedicated employees, and supportive clients, I am confident that we will succeed.



Nicolas Breteau
Chief Executive Officer
19 March 2019

Market factors

Market factors, implications and our response

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

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

Case study: **Technology**

Technology has changed the way our industry operates.

Technology has changed the way our industry operates and opened up new opportunities for us to interact with clients.

As the world's largest interdealer broker, we already offer a broad range of hybrid and pure electronic solutions, but to enhance our clients' experience even further, we continue to look for new ways to innovate across our four business divisions.

In 2018, we successfully deployed our Volume Matching technology to new products globally, including Singapore Dollar Swaps, New Zealand Dollar Electricity Auctions and US Treasuries. We continue to develop more functionality within this software, with the objective to enrich our clients' experience and optimise liquidity provision. We have invested in other hybrid technologies such as our Global Trading Network and Nova Matching Engine, which is based and developed in our Belfast office, to enhance the efficiency and effectiveness of our business and to improve the customers' work flows.

Pure electronic businesses have increased overall during the year. We now have electronic revenues in Rates (Interest Rate Swaps, Forward Rate Agreements, Repo, Gilts, Inflation, US Treasuries), Credit (Bonds, Credit Default Swaps) and FX (Non-Deliverable Forwards).

Working with our partners in the fintech and innovation space has allowed us to introduce tools such as LiquidityChain, offering access to pools of bond liquidity, and the launch of our artificial intelligence prototype with Glia Ecosystems in the Energy & Commodities division.

We also renamed tpMatch, our global post-trade risk mitigation service, to MatchBook which forms part of Risk Management Services. This Forward Rate Agreement and Non-Deliverable Forward matching algorithm continues to reduce fixing risk exposures and grow the business through further technical solutions aimed at solving our TP ICAP clients' risk concerns.

Strategic pillars

Our strategy

Our strategic purpose is to provide access to dynamic and efficient markets that enhance the flow of capital, energy and commodities around the world. Looking forward, the Group is focused on significantly enhancing the value of our combined pools of liquidity. At the heart of everything we do is a focus on our customers and how best we can help them. As a result we are committed to enhancing our services, refining the quality of our market insights and also strengthening our platforms and venues to enable us to achieve, maintain, or extend our market leadership positions.

To create long-term value, we have established four strategic pillars as the foundation to deliver our strategic objectives. These strategic pillars are: to build and sustain our technology offering; enhance our operational excellence; develop our people; and diversify our customer base and range of services.

	Technology	Operational excellence
Our strategic pillars	*Build and sustain our technology offering* – we seek to achieve a solid level of investment in IT development that will position us at the forefront of the industry. We use our technological capabilities to build superior platform technologies, analytical tools and provide our customers with a wider choice of ways to transact with us combined with greater efficiency and ease. We invest in infrastructure to give us resilient foundations and a strong, secure and scalable backbone from which to run our operations.	*Enhance our operational excellence* – we aim to have effective operational capabilities, systems, processes and decision-making hierarchies in place to ensure that we can operate effectively and responsibly, and at the same time deliver sustainable financial performance. We understand the role our support functions play in our ability to service our clients well in an increasingly complex environment.
Priorities in 2019	Continue to integrate our application estate, reducing platform duplication and simplifying workflows. This will provide us with the capacity to invest in new technological developments. Strengthen our corporate security by implementing a wide-reaching cyber security programme.	Continue investment in our Belfast centre. Automate post-trade processes to reduce the risk of error and eliminate duplication. Harmonise more of our support function processes and policies across the Group and deliver a more simplified support model. Invest in our risk and control functions to ensure they are fit for purpose.
KPIs (see pages 18 and 19)	2 4	2 4 5
Associated principal risks (see pages 40 to 43)	> Adverse change to regulatory framework. > Failure to respond to client requirements. > The impact of Brexit. > Failure to deliver integration. > Cyber security and data protection. > Operational failure.	> Adverse change to regulatory framework. > Failure to respond to client requirements. > The impact of Brexit. > Failure to deliver integration. > Operational failure. > Breach of regulatory requirements. > Counterparty credit risk. > FX exposure. > Liquidity risk.

People

Develop our people – we aim to provide a respectful and enjoyable workplace for our colleagues that supports innovation, high performance and continuing personal and professional development.

We place great emphasis on conduct that promotes and protects the integrity of the markets we operate in and the services we provide our customers.

We focus on greater coordination and teamwork across our business divisions so that we are better able to service our customers.

Continue to refine our proposition to our staff to attract, develop and retain the best people.

Refresh and reinforce our conduct and culture agenda across the Group.

Modernise our governance and committee structures to improve decision making and accountability.

2 5

> Failure to deliver integration.
> Failure to retain and recruit talent.

Diversify

Diversify our customer base and range of services – we continue to add new customers in all our divisions taking advantage of the shifts that are taking place in our industry.

We develop new products and nurture new markets to meet our customers' evolving preferences.

We add new services to capture more points in our customers' execution chain, which will optimise the depth, durability and value of our relationships.

Develop our Institutional Services division to add more products and services as well as targeting larger buy side institutions.

Ensure we properly understand and are remunerated for the usage that our Data & Analytics clients enjoy from our products and services. Look to add more products and services.

Expand our Client Relationship Management function to cover all divisions and regions.

1 3 4

> Adverse change to regulatory framework.
> Deterioration in the commercial environment.
> Failure to respond to client requests.
> The impact of Brexit.
> Failure to deliver integration.
> Failure to protect proprietary data.
> Counterparty credit risk.
> Liquidity risk.

Key performance indicators

Financial KPIs

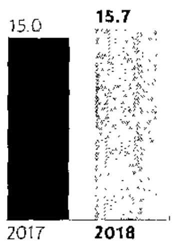
(1) Revenue growth
(at constant exchange rates)
(%)

KPI definition
Revenue growth is defined as growth in total revenues excluding the impact of foreign exchange (at constant exchange rates). See page 21 for a reconciliation to statutory revenue.

Comment
Revenue growth reflects not only the market conditions we operate in but also our ability to further diversify and strengthen our franchise. Revenue growth in the past has been driven not only by volatility and market conditions but also by targeted acquisitions. 2018 saw mixed market conditions with both Rates and Equities seeing strong growth of 5% and 18% respectively but with Credit down 11% and Energy & Commodities down 1%. Overall the Group grew revenue by 3%

Link to our strategy

(2) Underlying operating profit margin
(%)

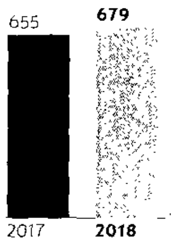


KPI definition
Underlying operating profit margin is calculated by dividing underlying operating profit by revenue for the period. A reconciliation of underlying operating profit to the statutory operating profit is shown on page 21.

Comment
Underlying operating profit margin is a measure of the profitability of the business and is principally driven by revenue, broker compensation and other administrative expenses. The underlying operating margin in 2018 has benefited from an improvement in the contribution margin of our front office.

Link to our strategy

(3) Contribution
(at constant exchange rates)
(£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 28.

Comment
Contribution measures the profitability of our business. The absolute level is important as contribution less management support costs flows through to operating profit. By increasing the level of contribution the business increases returns to shareholders. During the year the Group increased contribution by 4% at constant exchange rates. This KPI has changed from the prior year.

Link to our strategy

Non-financial KPIs

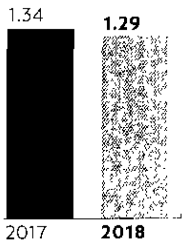
④ Underlying earnings per share ('EPS') (p)

KPI definition
Underlying earnings per share is calculated by dividing the underlying profit after tax by the basic weighted average number of shares in issue. A reconciliation to statutory EPS is shown on page 21.

Comment
Over the long term, growth in shareholder value and returns is linked to growth in underlying EPS, which measures the underlying profitability of the Group after tax and interest costs. The increase in underlying EPS in 2018 reflects the improved underlying performance of the business year-on-year.

Link to our strategy

⑤ Ratio of front office to support function employees



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

Comment
The ratio of front office employees to back office employees is an indicator of the efficiency of our business model. The ratio of front office employees to support function employees declined in 2018 reflecting a greater reduction in broker headcount than in their support headcount, largely due to the additional investment required to support growth initiatives and risk and regulatory requirements.

Link to our strategy

Key to our strategy

Build and sustain our **technology** offering

Enhance our **operational excellence**

Develop our **people**

Diversify customers and services

Read more on pages 16 and 17.

Financial and operating review

Robin Stewart
Chief Financial Officer

"Total revenue of £1,763m was 3% higher than in 2017 on a constant exchange rate basis."

Introduction

2018 has been a year marked by mixed conditions in financial markets with increased levels of volatility. From a TP ICAP perspective we have reset our integration targets and are now focused on ensuring that the integration programme is completed by the end of 2019.

Statutory Income Statement
2018

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

2017

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

Financial and operating review continued

Our key financial and performance metrics for 2018 are summarised in the table below together with comparatives from the equivalent period in 2017.

	2018	2017	Change
Global Broking revenue	**£1,278m**	£1,270m	+1%
Energy & Commodities revenue	**£331m**	£343m	-3%
Institutional Services revenue	**£37m**	£32m	+16%
Data & Analytics revenue	**£117m**	£112m	+4%
Total revenue	**£1,763m**	£1,757m	+0%
Underlying operating profit	**£276m**	£263m	+5%
Underlying operating margin	**15.7%**	15.0%	+0.7% pts
Statutory operating profit	**£93m**	£102m	-9%
Statutory operating margin	**5.3%**	5.8%	-0.5% pts
Average broker headcount	**2,727**	2,842	-4%
Average revenue per broker (£'000)	**604**	579	+4%
Average contribution per broker (£'000)*	**222**	210	+6%
Broking contribution**	**£604m**	£600m	+1%
Broking contribution margin	**36.7%**	36.5%	+0.2% pts
Data & Analytics contribution**	**£75m**	£70m	+7%
Data & Analytics gross contribution margin	**64.1%**	62.0%	+2.1% pts
Total contribution	**£679m**	£670m	+1%
Broker headcount – period end	**2,671**	2,715	-2%
Broker support headcount – period end	**1,704**	1,792	-5%
Broker compensation costs: broking revenue	**52.2%**	50.5%	+1.7% pts

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

** Broking and Data & Analytics contribution are defined in the Contribution section

Average broker headcount decreased 4% to 2,727 in 2018 from 2,842 in 2017 and with a 4% increase in average revenue per broker, the resulting broking revenue was in line with 2017 (and 2% higher at constant exchange rates).

The period-end broking support headcount of 1,704 was 5% lower than at the end of 2017, primarily reflecting actions taken as part of the integration programme.

The tables below analyse revenue by business division as well as revenue and underlying operating profit by region for 2018 compared with the equivalent period in 2017, at constant exchange rates.

A significant portion of the Group's activity is conducted outside the UK and the statutory revenue is therefore impacted by the movement in the foreign exchange rates used to translate the revenue from non-UK operations. The comparative data in the tables below therefore shows revenue for 2017 translated at the same exchange rates as those used for 2018, with growth rates calculated on the same basis. The statutory revenue figures as reported for 2017 are shown in Note 4 to the Consolidated Financial Statements.

Revenue

Total revenue of £1,763m in 2018 was 3% higher than 2017 at constant exchange rates, and in line as reported.

Revenue by business division

£m	2018	2017	Change
Rates	**547**	520	+5%
Credit	**101**	114	-11%
FX & Money Markets	**207**	213	-3%
Emerging Markets	**213**	219	-3%
Equities	**210**	178	+18%
Global Broking	**1,278**	1,244	+3%
Energy & Commodities	**331**	335	-1%
Institutional Services	**37**	32	+16%
Data & Analytics	**117**	108	+8%
	1,763	1,719	+3%
Exchange translation		38	
Statutory	**1,763**	1,757	+0%

Conditions in financial markets have generally been supportive in 2018 with an increase in volatility, especially interest rates and equities markets, in the face of a reduced quantitative easing policy within the US and uncertain political environments across the world. Volatility and a steepening yield curve are positives for our business and Global Broking, and the Rates and Equities divisions in particular, benefited from these conditions Global Broking revenue grew by 3% on a constant exchange rate basis with the Rates and Equities divisions growing by 5% and 18% respectively. Conditions in credit markets continue to remain challenging, with a lack of new issuance as well as restrictions on clients' balance sheets, resulting in a reduction in Credit revenue of 11%. FX & Money Markets and Emerging Markets both saw revenue declines of 3% compared with prior year due to subdued activity.

Energy & Commodities revenue was 1% lower than 2017 at constant exchange rates. Market conditions were good in gas, environmental products, European power, metals, and softs, but the benefit of these was offset by weaker US power markets, the closure of some non-core desks and bulks, where challenging iron ore and coal markets saw volume move away from our core offering. Oil revenues were flat and while the market experienced high volatility caused by the US/China trade war, Iranian sanctions and US mid-term elections, many of our clients have had a difficult year.

Institutional Services revenue has grown by 16% compared to 2017 at constant exchange rates driven by the performance of the COEX business, which grew significantly and benefited from strong growth in the US as well as within its global FX offering.

Data & Analytics revenue was 8% higher than 2017 at constant exchange rates with the business executing a number of targeted organic growth opportunities during the year that have enabled it to monetise more proprietary data by releasing new products with a restructured salesforce.

Revenue by region

£m	2018	2017	Change
EMEA	**886**	870	+2%
Americas	**636**	604	+5%
Asia Pacific	**241**	245	-2%
	1,763	1,719	+3%
Exchange translation		38	
Statutory	**1,763**	1,757	+0%

Financial and operating review continued

EMEA
Revenue for the region was £886m and increased by 2% relative to 2017 at constant exchange rates. Global Broking revenue increased overall by 2% driven primarily from strong performance within the Rates and Equities divisions. Market conditions were supportive of increased trading in these products due to volatility created from the macroeconomic environment, which included: interest rate increases in the US and UK and the speculation preceding them; US & China trade worries; Brexit uncertainty; and Eurozone slowdown expectations.

Revenue from Energy & Commodities was flat in the region year-on-year with the ICAP brand in particularly benefiting from investments made in expanding the product suite. Liquefied Natural Gas ('LNG') markets have grown strongly, whilst the European power and gas markets have benefited from tightening in the EU Emissions scheme, and have largely offset weaker oil and coal revenues, and the closure of some non-core business.

Institutional Services has seen a 4% decrease year on year resulting from a decline in the Mirexa business, which saw the Euro Government Bonds and FX Options desks close in 2018. This was partially offset by gains in Real Estate and COEX, which saw favourable market conditions and increased volatility, along with onboarding of a number of new clients.

Americas
Americas increased revenues by 5% in 2018 versus 2017 at constant exchange rates. The Americas have reduced underperforming broker headcount over the course of 2017 and 2018, increasing revenue per broker by 7%, which positioned the business to take advantage of the stronger market conditions and increased volatility seen in 2018.

Within the Global Broking business, general market conditions improved during 2018 leading to increased trading. Rates revenue increased by 7% as interest rate rises benefited trading across interest rate derivatives, government bonds and repos. Rates continues to be Americas' largest asset class.

Americas' Equities revenue was up 27% on the back of significantly increased volatility relative to historically low levels of volatility in US Equity markets in 2017. Equities continues to be an area of investment and new product expansion.

FX & Money Markets businesses saw flat revenues in 2018 as Forward FX and derivatives offset subdued conditions in the Money Markets area. A more subdued market in the second half of 2018 led to decreased volumes in Local Markets resulting in a slowdown in revenues in the period.

US Credit markets remained subdued despite heightened activity in other areas of financial markets. However, given the large number of US market participants as well as strategic fits within the competing Tullett Prebon and ICAP brands, Credit continues to be a growth opportunity for the Americas.

The Americas' Energy & Commodities business had flat revenues in 2018. The region saw increased revenue in Oil products on the back of the acquisitions of SCS Commodities in January 2018 and Axiom in November 2018. However, these gains were offset by poor year-on-year comparables in US Power and Natural Gas.

The Americas also saw growth in the Institutional Services business with a full year performance of the COEX business, which was acquired in November 2017. This business continues to perform well and is a growth opportunity for the region.

Case study: **Operational excellence**

The creation of TP ICAP in December 2016 provided a platform for us to create a simpler, more customer-focused business with cost-efficient processes.

The creation of TP ICAP also prepared us to deal with regulatory changes and in January 2018 we were able to launch 11 MiFID II-compliant venues, providing an uninterrupted service to our customers. This was followed in May by the Group's successful implementation of the European Union's General Data Protection Regulation guidelines.

Significant progress was made last year with the build out of our Belfast centre, where a number of non-front office support roles are located. Teams now based in Northern Ireland include client onboarding, data management, transaction control and contract management which will deliver significant economic benefits to the Group for years to come.

In the front office, we changed the way we measure the performance of our brokers, moving away from the traditional ratio of broker compensation to broking revenue. From now on, we will measure broking contribution, a broader metric that will provide a more informed evaluation of the performance of a product or desk, taking into account factors such as the extent of operational and IT support required, the capital usage and the stage of maturity of the market.

Financial and operating review continued

Asia Pacific
Revenue in Asia Pacific declined by 2% in 2018 versus 2017 at constant exchange rates, reflecting difficult conditions in the Energy & Commodities business as well as within certain products in Global Broking.

Global Broking revenue in the region was up 1% year-on-year with the benefit of business development in the Tullett Prebon brand, where revenue grew by 11%, but this was offset by a loss of revenue in the ICAP brand, where revenue fell by 14% largely as a result of brokers moving to competitors in late 2017. Within specific countries the Global Broking business performed well, such as in Hong Kong, as a result of the hire of a new equities derivatives desk, as well as within the Rates business, which benefited from movements in the US dollar yield curve. The Singapore business had a good year with both the FX & Money Markets and Rates businesses in particular performing well. During the year the region restructured its operations in Indonesia and Korea so that both countries now operate under a single Tullett Prebon brand.

Overall, conditions in the Energy & Commodities markets in the region were unfavourable and revenue from these products declined by 13% year-on-year. The ICAP iron ore business suffered a steep decline in revenue due to the migration of liquidity from the OTC market onto exchange. Revenue from oil and gas and their related products fell by around 13% due to a shift of gasoil market activity from Asian hours to the London market, together with some disruption to the Tullett Prebon branded naphtha desk. However, the Australian energy business, mainly power, gathered momentum and achieved a 17% increase in revenue and the Singapore based precious metals desk grew by 30%.

Underlying administrative expenses
Total underlying administrative expenses of £1,498m in 2018 were 1% lower than 2017 as reported and 1% higher at constant exchange rates.

Underlying administrative expenses	2018 £m	2017 £m	Change £m	Change %
Broker compensation	**859**	809	50	+6%
Other front office costs	**183**	214	(31)	-14%
Total front office costs	**1,042**	1,023	19	+2%
Other staff costs	**242**	241	1	0%
Technology and related costs	**52**	49	3	+6%
Premises and related costs	**52**	50	2	+4%
Depreciation and amortisation	**33**	33	–	0%
Other administrative costs	**77**	82	(5)	-6%
Total management and support costs	**456**	455	1	0%
Total costs	**1,498**	1,478	20	+1%
Exchange translation		31		
Underlying expenses	**1,498**	1,509	(11)	-1%

The table above sets out administrative expenses on the basis on which management chooses to view this area, divided principally between front office costs and management and support costs. Front office costs tend to have a large variable component to them and are directly linked to the output of our brokers. The largest element of this is broker compensation as well as other front office costs, which include travel and entertainment, telecommunications and information services, clearing and settlement fees as well as other direct costs. The remaining cost base represents the management and support costs of the Group, and includes the costs associated with the Data & Analytics business.

The presentation above is different from Note 5 of the accounts as we have split out front office and management and support costs and we have shown this on a constant exchange rate basis. The reconciling items between the presentation above and Note 5 included within other front office costs are: £94m of technology costs; £2m of depreciation and amortisation and £87m of other administrative costs.

Overall, the underlying cost base has seen a 1% increase at constant exchange rates to £1,498m in 2018 compared with 2017. This has been substantially driven by an increase in total front office costs. Broker compensation costs increased by £50m during the period reflecting the 2% increase in broking revenue at constant exchange rates and an increase in the broker compensation ratio from 50.5% to 52.2%. The increase in broker compensation reflects the impact of the increase in revenue between the two periods in the underlying business, the acquisitions of COEX and SCS Commodities and higher amortisation relating to initial contract payments made to brokers to secure their services against increased competition for their talent.

Offsetting this increase has been a £31m reduction in other front office costs that includes lower travel and entertainment spend, a reduction in legal fees and a £14m reduction reflecting the removal of the Group's obligation to rebate revenue to COEX following their acquisition in November 2017.

The £1m increase in other staff costs is driven by offsets to the impact of synergy savings, principally relating to the acquisitions of COEX and SCS Commodities, the establishment of the Institutional Services division, the Belfast centre, our Early Careers programme, strengthening corporate functions and severance payments

Technology and related costs includes the costs of all external technology services, including maintenance contracts, consultancy, market data services and communications costs. During 2018 these costs increased 6% against 2017 with a modest amount of synergy savings being offset by acquisitions and new initiatives.

Premises costs increased by 4% in 2018 compared with 2017 reflecting office relocations in London, New York, Singapore and Belfast partly offset by synergy savings achieved in all regions.

The reduction in other administrative costs reflects a significant reduction in the use of contractors and the reduction of legal fees in the US relative to the prior year.

Synergy savings and administrative expenses

As at the end of December 2018 the cumulative annualised synergy savings achieved from the integration programme were £71m, an increase of £19m on the annualised £52m of synergy savings reported at the end of 2017. Of the £19m additional run rate synergies, £13m were recognised in the period.

The table below shows the movement in administrative expenses between 2017 and 2018 re-categorised to reflect the impact of the movement in synergy savings against other costs between the two periods.

2017 reported	FX	2017 constant	Synergy savings	New initiatives	Net cost increases	Net one-off increases	Total front office costs	Acquired costs	2018 Reported
1,509	(31)	1,478	(31)	8	7	12	19	5	**1,498**

The additional £8m incurred in new initiatives includes investment in the Institutional Services business (£3m), Belfast (£3m) and Early Careers (£1m).

Net costs show an increase of £7m, which includes increased internal audit and professional fees (audit and insurance) and increased premises costs in London, New York, Singapore and Belfast. One off increases of £12m include Brexit costs (£2.5m), severance costs (£4m), MiFID II costs (£1m), and the impact of a reduction in the capitalisation of staff costs on IT projects (£3m)

The remaining £24m movement in costs comprises increases of £19m in total front office costs (as explained above) and £5m in additional costs acquired with the acquisition of COEX and SCS Commodities.

Financial and operating review continued

Contribution

Broking contribution represents the revenue of our broking businesses (excluding Data & Analytics) less the total front office costs described above. An improvement in the absolute level of broking contribution is an important metric in driving earnings growth for the Group.

Broking contribution

At constant exchange rates	2018 £m	2017 £m	Change £m	Change %
Revenue	**1,646**	1,611	35	+2%
Total front office costs	**(1,042)**	(1,023)	(19)	-2%
Contribution	**604**	588	16	+3%
Contribution margin (%)	**36.7%**	36.5%	+0.2% pts	

In 2018 the overall level of contribution increased by £16m or 3% to £604m. The overall contribution margin increased by 0.2 percentage points to 36.7% driven by a 2% increase in revenue at constant exchange rates. The overall level of contribution increased despite an increase in the broker compensation ratio due to higher revenue growth and a reduction in other front office costs.

Data & Analytics contribution

At constant exchange rates	2018 £m	2017 £m	Change £m	Change %
Revenue	**117**	108	9	+8%
Direct costs	**(42)**	(41)	(1)	-2%
Gross contribution	**75**	67	8	+12%
Gross contribution margin (%)	**64.1%**	62.0%	+2.1% pts	

Data & Analytics contribution represents the revenue of the Data & Analytics business less the direct costs associated with running the business, but excluding the cost of internally generated data from the broking businesses. An improvement in the absolute level of contribution is an important metric in driving earnings growth for the Group.

In 2018 the overall level of contribution increased by £8m or 12% to £75m. The overall gross contribution margin increased by 2.1 percentage points to 64.1% driven by an 8% increase in revenue at constant exchange rates.

Underlying operating profit

The underlying operating profit of £276m is 5% higher than the prior year, with an underlying operating profit margin of 15.7% which is 0.7 percentage points higher than 2017. Underlying earnings per share for 2018 of 34.2p are 0.9p higher than for 2017.

Statutory operating profit of £93m was 9% lower than in 2017, and the statutory operating profit margin of 5.3% is 0.5 percentage points lower than 2017. Statutory operating profit is after exceptional and integration, acquisition and disposal related items, and is described further below. *Statutory earnings per share of 5.7p are 10.1p lower than in 2017, reflecting the impact of the £65m impairment of goodwill.*

Case study: **People**

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

Our employees are the backbone of our business and in 2018 they once again set high standards in our industry when it came to conduct and culture. We continued with our compulsory compliance training programme for all employees, covering essential market knowledge. We have a programme of 'pulse surveys' to continually monitor how our employees experience our culture and that we maintain our core values.

We moved a large percentage of our global workforce into new, modern, co-located offices, including teams in London, New York and Singapore. Not only will this help reduce our global footprint of offices, delivering cost savings, but also provide an opportunity for closer team engagement and improved access to clients. Last year, we signed a lease to move into a new global headquarters in London by 2020

The creation of employee-led networks will also help improve diversity across our workforce. TP ICAP is now a signatory of the Women in Finance Charter, setting a target for 20% of women in senior management roles by 2020 and 25% by 2025.

Financial and operating review continued

Underlying operating profit by region

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

Underlying operating profit

£m	2018	2017	Change
EMEA	**173**	170	+2%
Americas	**81**	64	+27%
Asia Pacific	**22**	29	-24%
Underlying	**276**	263	+5%

Underlying operating profit margin by region

%	2018	2017
EMEA	**19.5%**	19.4%
Americas	**12.7%**	10.2%
Asia Pacific	**9.1%**	11.5%
Underlying	**15.7%**	15.0%

EMEA

Underlying operating profit in EMEA of £173m was 2% higher than 2017, and with revenue up 1%, the underlying operating profit margin has increased by 0.1 percentage point, to 19.5%. These improvements reflect growth in the contribution margin of the business due to a reduction in other front office costs as well as the growth in revenue.

Americas

In the Americas, the underlying operating profit of £81m is 27% higher than 2017 and the underlying operating profit margin has improved by 2.5 percentage points to 12.7% reflecting higher revenue growth and contribution as well as cost savings from the integration.

Asia Pacific

Underlying operating profit in Asia Pacific decreased by £7m to £22m in 2018, while the underlying operating profit margin has reduced by 2.4 percentage points to 9.1% with reductions in management and support costs as a result of the integration being more than offset by increases in broker compensation. These increases were in response to competition for our brokers increasing the level of initial contract payments the region paid at the end of 2017 into the beginning of 2018.

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

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

The £44m charge for integration costs related to the acquisition of ICAP includes professional fees and staff costs relating to planning, setting up and running the integration workstreams and staff severance costs. We have incurred £44m in respect of integration costs in 2018 and we are forecasting no more than £160m of total integration costs by the end of the integration programme.

The major elements of the integration costs in 2018 continued to be staff costs (£22m), which include £8m of severance costs, and other costs of £22m which include fixed term contractors (£7m) and consultancy costs (£14m).

The £14m of consultancy cost charged in 2018 is primarily in respect of reviews of the technology strategy and scope for cost reduction, project management support and analysis, software development and quality assurance and support for the project to reduce and rationalise the legal entity structure

A further charge of £40m has been charged through the income statement reflecting the amortisation of intangible assets other than goodwill arising on acquisitions, reflecting brand value, the value of customer relationships and other intangible assets. This non-cash item is excluded from underlying results to present the performance of the Group's acquired businesses consistently with its organically grown businesses where such intangible assets are not recognised.

In accordance with its obligations under IAS 36 (see also Note 13), the Group has undertaken an impairment review of the carrying value of its regional cash generating units ('CGU') to which goodwill arising on acquisitions, including the recent acquisition of ICAP, has been allocated. In determining whether goodwill is impaired under IAS 36, the resulting value of each CGU has been estimated based on its value in use. As a result of the review, the carrying value of the Americas CGU has been written down by £58m and the carrying value of the Asia Pacific CGU has been written down by £7m, both of which are included as acquisition related items. This non-cash impairment does not have an impact on the regulatory capital position, which excludes the carrying value of intangible assets in the calculation of the Group's allowable resources.

Other acquisition, disposal and integration costs include a £5m charge for adjustments to acquisition consideration, principally due to an increase in the expected deferred consideration on the COEX acquisition due to its strong performance. There are also £3m of other minor acquisition and disposal items that have been excluded from underlying results.

The £3m exceptional charge in 2018 reflects an exceptional legal provision in connection with a regulatory investigation in the US offset by the release of a legal provision in relation to the ICAP Yen Libor case in 2013 / 2014 (see Note 16). Other exceptional items include £2m in relation to a charge relating to employee long-term benefits associated with the ICAP acquisition and £18m in relation to a charge for business reorganisation that is a one off onerous lease provision associated with office moves the Group has undertaken. Exceptional items have been excluded from underlying results as they are non-recurring and do not relate to the underlying performance of the business.

Net finance expense
The underlying net finance expense of £31m is £1m higher than the £30m charged in 2017. The finance expense of £36m comprises £30m of interest expense on the Group's Sterling Notes (£26m of which relates to the £500m Sterling Notes issued in January 2017), £1m of fees relating to the amortisation of debt issue and bank facility costs, £4m relating to the drawdown of the revolving credit facility during 2018 and another £1m of settlement interest expense. The expense is offset by £4m of interest income and £1m of non-cash income on the retirement benefit asset.

Financial and operating review continued

Tax

The effective rate of tax on underlying profit before tax is 25.8% (2017: 26.0%). The rate is slightly lower than the prior year despite the reduction in the US federal rate of tax due to offsetting measures that broaden the US tax base in this reporting period. The effective rate of tax on reported profit before tax is 62.9% (2017: (4.2)%), reflecting the tax deductibility of certain exceptional expenses. The outlook for the underlying effective tax rate in 2019 is for a potential reduction of 1% to around 25%, as the initial impact of measures broadening the tax base in the US is expected to reduce.

Basic EPS

The average number of shares used for the basic EPS calculation of 558.5m reflects the 563.3m shares in issue less the 2.7m shares held by the Employee Benefit Trust at the beginning of the year, less the difference between the time apportionment elements of the 1.0m of shares acquired by the Employee Benefit Trust to satisfy deferred share awards made to senior management, and the 1.1m of deferred shares meeting their vesting requirements in May. The Employee Benefit Trust has waived its rights to dividends. The calculation also reflects the time apportioned element of the 9.2m shares paid in deferred consideration to the owners of PVM in March 2018.

Dividend

The Group's dividend policy is to maintain a full year dividend of 16.85p throughout the integration period.

Cash flow
2018

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

Case study: **Diversify**

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

The markets we operate in are constantly evolving, creating opportunities for us to broaden the range of products and services we offer to clients.

In September 2018, we launched a new data sharing partnership between our Global Broking and Data & Analytics divisions, which will increase revenue streams in both businesses. The partnership will enable us to create new products and enhance the quality of the data we provide to our clients.

We also increased the number of services we provide to our buy-side clients through our Institutional Services division, adding products including equity derivatives and rates and strengthening our sales team to meet customers' needs.

In the Asia Pacific region, we launched emerging markets FX Option services and hired a specialist team of equity derivatives brokers to strengthen our footprint in this fast-growing region.

Financial and operating review continued

Cash flow
2017

£m	Underlying	Acquisition, disposal and integration costs and exceptional items	Reported
Underlying operating profit	**263**	**(161)**	**102**
Share based payment charge and pension scheme administration fees	6	14	20
Depreciation and amortisation	41		41
Non-cash items	(2)		(2)
Impairment and amortisation of intangibles on consolidation		40	40
EBITDA	**308**	**(107)**	**201**
Change in initial contract prepayments	(26)		(26)
Working capital	(31)	(8)	(39)
Cash generated from operations	**251**	**(115)**	**136**
Capital expenditure	(41)		
Underlying operating cash flow	**210**		
Income taxes paid	(37)	10	(27)
Interest paid	(22)		(22)
Underlying free cash flow	**151**		
Reported net cash flow from operations			**87**

The cash flow presentation above reconciles the underlying cash flow generation, excluding the impact of acquisition, disposal and integration costs and exceptional items, to the reported net cash flow from operations. The impact on EBITDA of acquisition, disposal and integration costs and exceptional items was £65m during the period principally relating to the costs of the integration.

During the period there was a £10m movement in initial contract prepayments reflecting the increased expenditure incurred to retain broking staff due to competitive pressures. The working capital outflow of £29m has fallen since the half year (when it was £59m) but still reflects an increase in trade receivables, reflecting the higher revenue in December 2018 compared with the prior year, together with an increase in debtor days as we continue to face challenges of expediting payment for our broking services from our customers.

Capital expenditure has increased to £73m reflecting the impact of office moves in New York, London, Singapore and Belfast. The capital expenditure on these office moves amounted to £46m as the Group implemented its co-location strategy in London, New York and Singapore and expanded its operations in Belfast.

After interest paid and underlying taxation paid, the underlying free cash flow for the Group was £130m, a decrease on the £151m generated in 2017. This decrease is driven by higher capital expenditure associated with the office moves as well as higher interest paid in 2018 reflecting the Group paying a full year's worth of interest on the £500m 2024 bond.

The movement in net funds is summarised below:

£m	Cash & cash equivalents	Financial investments	Total funds	Debt	Net funds
At 31 December 2017	622	139	761	(589)	172
Reported net cash flow from operations	149		149		149
Investing activities	(71)	(4)	(75)		(75)
Dividends paid	(94)		(94)		(94)
Net draw down of the revolving credit facility	52		52	(52)	–
Other financing activities	(9)		(9)		(9)
Effect of movements in exchange rates	19	(2)	17		17
Debt issue cost amortisation				(1)	(1)
IFRS 9 adjustment	(1)		(1)		(1)
At 31 December 2018	**667**	**133**	**800**	**(642)**	**158**

£87m of the revolving credit facility was drawn at the end of June to enable the Group to meet an increase in capital requirements in its UK regulated entities imposed by the Financial Conduct Authority ('FCA') following their Supervisory Review and Evaluation Programme ('SREP') visit. At the year end, the balance drawn on the revolving credit facility was £52m. At the end of February 2019 the balance drawn was £86m.

Of the £800m cash and financial investments balance at the period end, £703m is held in 57 regulated entities to meet regulatory capital, margin and other trading requirements as well as accrued profits, £94m is held in non-regulated entities for working capital requirements as well as accrued profits and £3m is held in corporate holding companies.

The £703m of cash held in regulated entities generally remains restricted 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 December 2018	At 31 December 2017
5.25% Sterling Notes June 2019	**80**	80
5.25% Sterling Notes January 2024	**500**	500
Revolving credit facility drawn	**52**	–
Unamortised debt issue costs	**(2)**	(3)
Accrued interest	**12**	12
	642	589

The revolving credit facility was refinanced in December 2018 on improved terms increasing our overall facility to £270m from £250m. The revolving credit facility now matures in December 2021, and £52m was drawn as at the balance sheet date.

Exchange rates

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

Financial and operating review continued

	Average		Period end	
	2018	**2017**	**2018**	**2017**
US dollar	$1.34	$1.29	$1.28	$1.35
Euro	€1.13	€1.15	€1.13	€1.13

Pensions
The Group has one defined benefit pension scheme in the UK. The scheme is closed to new members and future accruals.

The triennial actuarial valuation of the scheme as at 30 April 2016 was concluded in April 2017. The actuarial funding surplus of the scheme at that date was £61m and under the agreed schedule of contributions the Company will continue not to make any payments into the scheme.

In 2017 the Group reported that the Trustees had insured the defined benefit liabilities of the scheme through a bulk annuity 'buy-in' with Rothesay Life. The policy is in the name of the scheme and is a scheme asset.

The assets and liabilities of the scheme are included in the Consolidated Balance Sheet in accordance with IAS 19. The fair value of the scheme's assets at 31 December 2018 was £243m (31 December 2017: £260m) The decrease reflects the investment return on the assets less amounts paid as benefits and transfers. The present value of the scheme's liabilities at the end of December 2018, calculated in accordance with IAS 19, was £188m (31 December 2017: £203m). The valuation of the scheme's liabilities at the end of the period reflects the demographic assumptions adopted for the most recent triennial actuarial valuation and a discount rate of 2.7% (31 December 2017: 2.4%). Under IAS 19, the scheme shows a surplus, before the related deferred tax liability, of £55m at 31 December 2018 (31 December 2017: £57m).

Regulatory capital
The Group's lead regulator is the FCA.

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

The terms of the waiver require the Group to eliminate the excess of its consolidated own funds requirement compared with its consolidated own funds ('Excess Goodwill') over the ten-year period to 30 December 2026. The amount of the Excess Goodwill must not exceed the amount determined as at the date the waiver took effect (the 'Excess Goodwill Ceiling'). The Excess Goodwill Ceiling is reduced to nil in line with a schedule over ten-years to December 2026, with the first reduction of 25% occurring at the end of June 2019. The Excess Goodwill Ceiling continues to reduce 25% every 2.5 years on a straight line basis. The Group expects to reduce its Excess Goodwill in accordance with the declining Excess Goodwill Ceiling. The waiver also sets out conditions with respect to the maintenance of financial ratios relating to leverage, debt service and debt maturity profile.

The Group's regulatory capital headroom under the Financial Holding Company test calculated in accordance with Pillar 1 was £1,605m (2017: £1,702m). Many of the Group's broking entities are regulated on a 'solo' basis, and are obliged to meet the regulatory capital requirements imposed by the local regulator of the jurisdiction in which they operate. The Group maintains an appropriate excess of financial resources in such entities.

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

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

Viability statement and going concern

Viability statement

The Directors have assessed the prospects for, and viability of, the Group over a three year period to the end of December 2021. 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 current liquidity position of the Group including its base case and stressed case cash flow forecasts;
> the liquidity stress testing and reverse stress testing undertaken by the Group;
> the Internal Capital Adequacy Assessment Processes ('ICAAP') undertaken by the Group's FCA regulated entities,
> the assessment of the Group's principal risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. These risks are discussed in the risk management report on pages 38 to 43; and
> the effectiveness of the Group's risk management and internal control systems.

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

In arriving at this conclusion, the directors have made the following assumptions:

> the Group maintains access to liquidity through the Group's £270m revolving credit facility (see Note 23 on page 155);
> the Group does not lose its waiver from consolidated capital adequacy requirements under CRD IV due to changes in the regulatory rules (including any changes arising from the introduction of the new EU prudential regime for investment firms);
> the Group reduces its 'excess goodwill' in accordance with the terms agreed with the FCA in the Group's waiver from consolidated capital adequacy requirements under CRD IV (see page 36);
> the Group does not experience a material change in its liquidity requirements as a result of legislative changes to CRD IV (including any changes arising from the introduction of the new EU prudential regime for investment firms); and
> the Group takes appropriate action to mitigate potential adverse effects arising from a no deal Brexit, including the potential fragmentation of liquidity and consequential reduction in trading volumes that could arise in this scenario.

Going concern

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

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

Risk management

Effective risk management is essential to the financial strength and resilience of the Group and for setting and achieving its business objectives. 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 ERMF enables the Group to understand and manage the risks it is exposed to and seize opportunities in line with its business objectives and within the defined risk appetite. The ERMF comprises four mutually reinforcing components: risk management philosophy, risk management culture, risk management governance and risk management processes. The Group is undertaking a range of actions to develop and embed its risk management framework in response to changes in the business and regulatory feedback. The framework continues to evolve with the objective of improving the Group's risk management capability and supporting the delivery of the Group's business strategy.

Philosophy and culture
The Group's risk management philosophy is underpinned by a set of core principles that establish the context for risk management activities. The principles dictate that risk management is value enhancing, addresses the expectations and requirements of key stakeholders, and is integrated into business processes. The risk management approach is proportionate to the type and complexity of the business model and the nature of the associated risks. Furthermore, risk oversight and assurance functions are sufficiently independent of business decision taking and supported by adequate resources.

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

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

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

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

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

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

> Board Risk Committee ('BRC');
> Group Executive Risk Committee[1] ('GERC');
> regional risk committees (in EMEA, Americas and Asia Pacific); and
> other function-specific committees.

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

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

Second line of defence
Risk oversight and challenge
The second line of defence comprises the Risk and Compliance functions, which are separate from operational management.

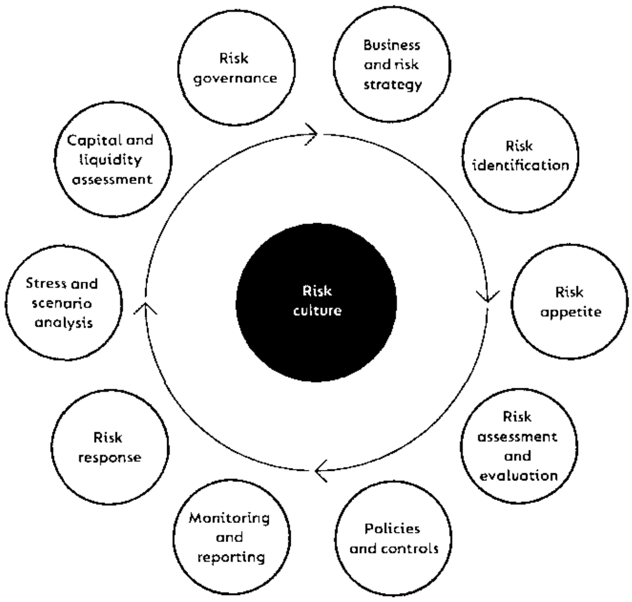
The functions are responsible for overseeing and challenging the first line of defence in its identification, assessment and management of the risks it is exposed to, and for assisting the Board (and its various committees) in discharging its overall risk oversight responsibilities.

Third line of defence
Independent assurance
Internal Audit provides independent assurance on the design and operational effectiveness of the Group's risk management framework and associated activity, including the performance of the business units and support and oversight functions.

1 As of March 2019, this Committee became the Group Risk, Conduct and Culture Committee ('GRCCC')

Risk management processes

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



Risk appetite

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

The Group sets its risk appetite against five core risk categories which include the following:

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

The Group implements its risk appetite statements through the adoption of risk 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.

Principal risks and uncertainties

Principal risks

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

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

Risk	Description	Potential impact	Change in risk exposure since 2017
Adverse change to regulatory framework	The Group is exposed to the risk of a fundamental change to the regulatory framework which has a material adverse impact on its business and economic model.	> Reduction in broking activity > Reduced earnings and profitability > Material change in applicable regulatory rules and their interpretation including loss of consolidation waiver	No change
Deterioration in the commercial environment	The risk that due to adverse macro-economic conditions or geopolitical developments, market activity is suppressed leading to reduced trading volumes. The impact of Brexit is addressed separately below.	> Reduction in broking activity > Pressure on brokerage > Reduced earnings and profitability	No change
The impact of Brexit	The risk that Brexit leads to a macro-economic downturn and a consequential reduction in trading volumes and revenue. The risk that the Group is unable to obtain the necessary permissions and implement an appropriate legal structure to preserve cross-border broking between UK and EU clients, resulting in a fragmentation of liquidity and reduced trading volumes.	> Reduction in broking activity > Loss of market share > Reduced earnings and profitability	Increase
Failure to respond to client requirements	The risk that the Group fails to respond to rapidly changing customer requirements, including the demand for enhanced electronic broking solutions for certain asset classes.	> Loss of market share > Reduced earnings and profitability	No change
Failure to deliver integration	The risk that the Group fails to achieve the targeted operational efficiencies due to a failure to successfully integrate the ICAP business, or that the cost to complete the integration programme is too high.	> Double running costs leading to reduced profitability > Lack of investor confidence	Decrease
Failure to retain and recruit talent	The Group operates in a highly competitive market and is exposed to the risk that it fails to retain or recruit the employees required to deliver its strategy.	> Potential loss of expertise and client relationships > Increase in employee costs as the Group seeks to counter aggressive competitor activity	No change

Key to our strategy

Build and sustain our technology offering

Enhance our operational excellence

Develop our people

Diversify customers and services

Mitigation	Key risk indicator	Related strategic objectives
> Close monitoring of regulatory developments > Active involvement in consultation and rule setting processes	> Key regulatory changes > Status of regulatory change initiatives	
> Clearly defined business development strategy to maintain geographical and product diversification	> Operating profit > Revenues by region > Trade volumes > Revenue forecast > Stress testing scenario outcomes	
> Adoption of a Brexit plan which would accommodate a range of potential Brexit scenarios (including a 'no deal Brexit') > Incorporation of new EU subsidiary to hold EU-based business > Proactive engagement with European regulators and clients	> Key regulatory changes > Brexit plan tracking	
> Proactive engagement with clients through customer relationship management process > Clearly defined business development strategy which continues to enhance the Group's service offering	> Operating profit > Trade volumes > Revenues by region > New business initiatives > Client satisfaction surveys	
> Clearly defined integration plan > Robust integration governance structure > Management of synergies realised and monitoring of integration costs	> Integration plan tracking (status)	
> Proactive management of broker contracts > Competitive remuneration and performance management > Early Careers Programme	> Staff turnover > Revenue per broker > Performance appraisal ratings	

Principal risks and uncertainties continued

Risk	Description	Potential impact	Change in risk exposure since 2017
Cyber-security and data protection	The risk that the Group fails to adequately protect itself against cyber-attack and/or to adequately secure the data it holds, resulting in loss of operability *as well as potential loss of critical business or* client data.	> Loss of revenue > Remediation costs > Damage to reputation > *Regulatory sanctions* > Payment of damages/compensation	No change
Operational failure	The Group is exposed to operational risk in nearly every facet of its role as an interdealer broker, including from its dependence on: > the accurate execution of a large number of processes, including those required to execute, clear and settle trades; and > a complex IT infrastructure.	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity > Damage to the Group's reputation as a reliable market intermediary	No change
Failure to protect proprietary data	The risk that the Group fails to protect unauthorised dissemination of Group's proprietary data leading to loss of potential revenue streams.	> Failure to achieve future revenue growth targets due to non-contractual use of our market information > Damage to reputation	New
Breach of legal and regulatory requirements	The Group operates in a highly regulated *environment and is subject to the laws and* regulatory frameworks of numerous jurisdictions. Failure to comply with applicable legal and regulatory requirements could result in enforcement action being taken See Notes 24 and 33 to the Consolidated Financial Statements.	> Regulatory and legal enforcement action *including censure, fines or loss of operating* licence > Severe damage to reputation	No change
Counterparty credit risk	The Group is exposed to counterparty credit risk arising from brokerage receivables owed by clients, unsettled Matched Principal trades held with clients and from cash deposit counterparties.	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity	No change
FX exposure	There is a risk that the Group suffers loss as a result of a movement in FX rates whether through transaction risk or translation risk.	> Financial loss which could, in extreme cases, impact the Group's solvency and liquidity	New
Liquidity risk	The Group is exposed to potential margin calls from clearing houses and correspondent clearers. The Group also faces liquidity risk through being required to fund Matched Principal trades which fail to settle on settlement date.	> Reduction in the Group's liquidity resources which could, in extreme cases, impact the Group's liquidity	No change

Mitigation	Key risk indicator	Related strategic objectives
> Monitor and assess the evolving, and increasingly sophisticated, cyber-threat landscape > Ensure the Group's control framework to address the potential cyber-threats to which it is exposed is appropriate	> System outages > Data loss events > Cyber-security events/losses > Vulnerability monitoring	
> Appropriate control framework to manage operational risk within risk appetite > Reverse stress tests to identify key risks that could undermine the Group's viability > Effective business continuity plans and capability > Incident and crisis management plans	> Risk events > Execution failure > Settlement fails > Margin calls	
> Periodic audit of licences > Appropriate legal remedies incorporated within licence agreements	> Coverage against defined data audit plan > Data audit findings	
> Group compliance function to ensure that staff are aware of regulatory requirements, and for monitoring compliance with these requirements > Cultural framework to implement the Group's core values and principles > Comprehensive compliance training programme	> Policy breaches > Regulatory and legal enforcement action	
> Counterparty exposures managed against thresholds, calibrated to reflect counterparty creditworthiness > Exposure monitoring and reporting by independent credit risk function > Exposure concentration limits to prevent excessive exposure to one institution	> Matched Principal trade exposure > Name Passing receivables > Group cash peak exposure	
> Ongoing monitoring of Group's FX positions	> Net currency position > FX exposure	
> Broking limits that restrict potential margin exposure > Group maintains significant cash resources in each operating centre to ensure immediate access to funds > Committed £270m revolving credit facility ('RCF')	> Unplanned intra-Group funding calls > RCF draw-down > Level of margin call	

Resources, relationships and responsibilities

Developing and delivering our corporate responsibility strategy – 'A Voice for All'

As the world's largest interdealer broker, we understand we have a responsibility to ensure our business has a positive social impact. Last year we launched our new corporate social responsibility strategy ('CSR'), 'A Voice for All'.

With social mobility the central principle of the strategy, its three pillars of 'Inspire', 'Inform' and 'Include', continue to underpin all our actions for the benefit of our business; our employees; our customers; and the wider communities in which we operate.

Over the last year, we have focused on embedding 'A Voice for All' throughout the Group and delivering on the three pillars of the strategy. Building on our activity over the last year, we will continue to embed our 'A Voice for All' strategy throughout the Group in 2019.

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

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

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

Inspire

We are committed to raising aspirations and ensuring young people can succeed in education and employment, irrespective of their background. Starting in the UK, we have been working with a number of partners to support this ambition:

> We worked with London-based youth mentoring charity, One Degree, to provide mentoring opportunities and office visits for a number of the charity's young beneficiaries. We will continue to offer mentoring opportunities and workplace visits throughout 2019;

> We participated in the Lord Mayor's 'She Can Be' initiative in February 2019. Now in its second year, the programme aims to inspire more young women to pursue careers in the City; and

> In 2019, we are piloting a mentoring scheme for 12 of our UK employees to work with Leadership Through Sport & Business ('LTSB'), a national social mobility charity, which is also one of our 2018 Charity Day beneficiaries. LTSB provides underprivileged young people aged 16-21 with access to sustainable careers in business and finance through apprenticeships. Our employees will mentor a number of young LTSB beneficiaries, providing one to one advice on interview preparation, skills development and continue to support their mentees throughout their apprenticeship.

Inform

At TP ICAP, we know that having the right skills is essential to get on in life. That's why we are committed to promoting skills development in the communities within which we operate to increase participation in local economies.

> Your background or circumstances can affect your life chances in many ways – how much you earn, where you work and even your health. We recognise that one of the basic skills that can affect life chances is numeracy.

> Teenagers with poor numeracy skills are, for example, twice as likely to play truant and be excluded from school as those with good skills, and adults are more than twice as likely to be unemployed.

> In May 2018 we launched our 'Everybody Counts' campaign and by working with partners, we aim to engage one million people across our key markets, to improve basic numeracy skills.

> On the first National Numeracy Day in 2018, we announced a three year strategic partnership with UK charity National Numeracy to support us to deliver the Everybody Counts campaign across the UK, and we will partner with other charities to help achieve this outcome.

Include

At TP ICAP we aim to create an environment that is inclusive, diverse and that harnesses talent from all backgrounds. We are committed to improving levels of gender, ethnic and socio-economic diversity across the business and ensuring all our employees have a voice. In November 2018 we appointed Frits Vogels, TP ICAP's EMEA CEO, our Global Diversity Champion to ensure we are encouraging a diverse and inclusive workplace culture across the Group.

> To champion gender balance in the financial services sector, we became a signatory of the UK Treasury's Women in Finance Charter in July 2018, with the Group aspiring to increase the proportion of women in senior management roles to 25% by 2025.

> To ensure the Group has a gender balanced pipeline, we have been participating in the 30% Club, with a number of our UK-based female employees receiving mentoring support from senior women in the industry.

> In November 2017, we launched 'connect', our employee-led engagement networks, which bring together employees from around the world to create inclusive networks and development opportunities. Over the last year, we have evolved 'connect' to be the overarching steering and advisory committee for diversity and inclusion. Our five employee network groups now include; Women; LGBTQ+, Ethnic minority and cultural background, Sports social and wellbeing and Veterans.

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

> We will roll out the Workforce Representation and Engagement Programme across all regions in order for the Board to get first hand insight into the culture and values of the Group. See pages 56 and 57 for more information.

Resources, relationships and responsibilities continued

Sustainable procurement
We take the sustainability of our supply chain and procurement exceptionally seriously, and in 2018 implemented a number of initiatives that support this including: removal of plastic bottled water availability; and reducing our travel carbon foot print by significantly reducing the number of flights during 2018 compared to 2017.

Human rights
We continue to fully support the UN Guiding Principles on Business and Human Rights. We do not tolerate forced labour or human trafficking of any kind in our business, or in our supply chain. In September 2018, we published our second Modern Slavery Statement which sets out our commitment to the continued development of our approach to modern slavery related risk identification, monitoring and reporting, and proactive mitigation.

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

We have also introduced a new supplier onboarding process, which includes modern slavery and human trafficking checks prior to onboarding a new supplier.

Charitable giving and volunteering
We believe empowering our employees to get involved in charitable initiatives helps link our business more closely with the communities in which we operate. In line with this, our charitable giving policy supports our employees' charitable giving aspirations with a pool of funding available for matching or sponsorship and all our employees are entitled to two days of paid volunteering leave.

In 2017 our employees volunteered 482 hours of their time helping a total of 19 charitable causes. In 2018 we have more than doubled this figure with 1,210 hours volunteered across our global business in support of 31 charities. 835 of these hours were volunteered during the business day and a further 375 hours were volunteered during evenings and weekends. We continued to support ICAP Charity Day which in 2018 raised £4.5m globally for charitable causes around the world.

Excluding Charity Day funding, in 2018 we made donations of £141,000 globally to charities around the world. This included £25,000, to support disaster relief efforts in Indonesia following the devastating September earthquake. We also made donations to many other causes around the world, through matched funding of employees' fund-raising activities and direct sponsorships paid to charities.

Learning and talent development
During 2018, we continued to ensure all our employees received appropriate mandatory training covering such topics as: anti-money laundering; anti-bribery and corruption; GDPR; information security; MiFID II and Respect@Work. In addition, we have provided employees in our major locations in-house training programmes on personal effectiveness skills, core management skills, technical and market knowledge. The in-house training calendar is updated on a half yearly basis. Instructor-led tailored training programmes have also been provided to certain business areas.

During 2018 our management team took part in a 360-degree review process to review how the Group has come together and provide each member with rounded feedback on their leadership.

We have continued to run two forums to enable two-way feedback with our employees. The first is our employee engagement forum named, 'involve', a permanent body made up of elected employee representatives, who act as a collective voice, speaking on behalf of employees on important issues in the workplace. The forum gives a voice to employees around collective consultation, information and communication and employee feedback. The second is 'connect', our diversity and inclusion committee comprised of employees from around the world. 'Connect' is in place to promote employee networks, encourage the diversity of our Group and support an inclusive culture. These two forums help drive employee engagement with the aim of being the leading employer in our sector.

Recruitment
We have taken a number of steps to encourage a culture of diversity and inclusion at TP ICAP and through our Early Careers Programme ('ECP'), we are committed to hiring candidates from all backgrounds, both graduate and non-graduate. The selection process involves an intensive, merit-based assessment centre and in 2018 we hired a total of 37 new trainee brokers through this process in New York, London, Singapore and Sydney.

In London we have also piloted a new interactive broking simulation activity as part of the assessment centre, which gives a great opportunity to see candidates' aptitude for the broking role. It also provides us with measurable data on their values and behaviours and whether these reflect the values of TP ICAP.

Gender pay and diversity
We are focused on addressing the challenge of diversity within our business which, like many financial services businesses, has a low ratio of female to male workers, particularly in our broking and senior management roles. In 2018 we published our first Gender Pay Gap report. For more information, see www.tpicap.com/responsibility/our-commitments.

While we are proud of the equality, diversity and inclusion initiatives we have put in place so far, we know we still have a great deal more to do. As a business we are committed to continuing to make progress on this agenda and by April 2019, the Group will publish its second Gender Pay Report.

ICAP Charity Day

Now in its 27th year, ICAP Charity Day continues to make an enormous impact on charity beneficiaries. Once a year, ICAP donates its revenues and commissions to charitable causes.

The sums involved are significant. In 2017, £4.7m was raised globally, and in December 2018 this figure was £4.5m.

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

Since Charity Day began in 1993, thanks to the efforts of our colleagues, customers and suppliers, ICAP Charity Day has raised almost £145m; benefiting over 2,400 charitable projects around the world, and enabling us to fund programmes and entire projects across a range of charitable causes.

£145m

Since Charity Day began in 1993, thanks to the efforts of our employees, customers and suppliers, ICAP Charity Day has raised almost £145m.

£4.5m

In December 2018 £4.5m was raised globally.

2,400

Since 1993, Charity Day has benefited over 2,400 charitable projects around the world.

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

Image above So They Can charity has been a beneficiary of ICAP Charity Day in our Sydney office.

Image right Rainbow Trust Children's Charity was a beneficiary of ICAP Charity Day in the UK.

Resources, relationships and responsibilities continued

To support our employees, we have global policies in place to ensure we respect the backgrounds, beliefs and cultures of all employees, and that the working environment is free from discrimination, harassment and bullying. In the event that an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, which may be necessary in order to enable the employee to continue working for the Group.

Culture

During 2018, we continued to review our culture and gauge employee sentiment We have started a cycle of 'pulse' surveys released to a subset of employees to compliment the Group-wide survey. These short surveys are focused on our values and gives a snapshot on employee experiences. The outputs of the survey form part of our 'culture dashboard'. For more information about our culture, please see pages 51 and 56.

Social media and online policy

At TP ICAP we understand the importance of social media and its impact on society and our employees. Our Group policy for social media and online activity is designed to safeguard our brand, reputation and employees when communicating on social media or online. We have set out clear rules and policies on the use of social media and online communications and communicated them to our employees.

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

Whistleblowing, anti-money laundering and bribery and corruption

TP ICAP recognises its responsibility to fully meet its legal and regulatory requirements to protect the integrity and stability of the financial markets and makes a commitment to:

> not being used by criminals to launder the proceeds of crime or by sanctioned individuals and entities;
> help combat terrorist financing;
> comply with economic and trade sanctions issued by relevant governments and organisations in every jurisdiction in which we operate;
> ensure that neither the firm, nor any other person providing services 'for and on behalf of' it, facilitates tax evasion;
> prohibit the acceptance, or offering of a bribe in any form;
> prohibit the solicitation of business, by the offering of any form of bribe;
> prohibit the offering of employment, with the intention of receiving an improper business advantage; and
> prohibit the making of facilitation payments.

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

Tax and other social payments

The Group has published a Group Tax Strategy, which is available on TP ICAP's website, www.tpicap.com. The Group Tax Strategy explains that the Group is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities wherever we operate, and that the Group's tax risk appetite is low.

The Group made payments to tax authorities for 2018 of £402m (2017: £382m on like-for-like basis), 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 2018, by 31 December 2019. This information will be available by this date on TP ICAP's website, www.tpicap.com.

Environment

TP ICAP recognises it has a responsibility to help protect and preserve the environment. To this end the Group endeavours to carry out all reasonably practical measures to meet its responsibilities to reduce its impact on the environment. Responsibility for environmental matters rests with the Board, and is included in its terms of reference. The Chief Executive Officer is the Board member responsible for corporate social responsibility across the Group.

As an office-based business we do not generate a large environmental impact and of that impact the main element is greenhouse gas emissions as a result of office-based business activities and from business travel. Statistics relating to these are set out in the Director's Report, on page 110, where we also publish our annual carbon footprint figures.

TP ICAP makes a commitment to:

> ensure compliance with all current environmental legislation;
> seek to identify forthcoming environmental legislation to ensure timely compliance with such new legislation;

> seek to improve its management of energy, emissions, use of resources and waste performance to prevent pollution and provide resources to support effective improvement opportunities;
> monitor and report the Group's annual energy usage and greenhouse gas emissions, as appropriate; and
> adopt sustainable procurement practices and work with customers and suppliers to improve energy performance throughout the Group's supply chain.

This Strategic report, from page 1 to 49, has been reviewed and approved by the Board of Directors on 19 March 2019.

Nicolas Breteau
Chief Executive Officer

Robin Stewart
Chief Financial Officer

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.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	> Environment – our commitments > Corporate social responsibility policy	Resources, relationships and responsibilities see pages 48 and 49
Employees	> Global recruitment policy > Employee relations policy > Equal opportunity policy > Joiners transfers and leavers policy > Global training and development policy > Equality, diversity and discrimination – our commitments	Resources, relationships and responsibilities see page 46
Human rights	> Employee relations policy > Equal opportunity policy > Data protection and retention policy > Global whistleblowing policy > Physical security policy > Human rights and freedom of association – our commitments > Modern slavery statement	Resources, relationships and responsibilities see page 46
Social matters	> Charitable giving policy > Corporate social responsibility policy	Resources, relationships and responsibilities see page 46
Anti-corruption and anti-bribery	> Compliance manual > Anti-money laundering and counter terrorist financing policy > TP ICAP Americas anti-bribery and corruption policy > Global whistleblowing policy > Whistleblowing – our commitments > Bribery and corruption – our commitments	Resources, relationships and responsibilities see page 48
Description of principal risks and impact of business activity	> Risk management lifecycle policy > New business policy > Tax risk and reporting policy > Financial risk management policy	Principal risks and uncertainty, see pages 40 to 43
Description of the business model	> Our business model, see pages 4 and 5	Our business model see pages 4 and 5
Non-financial key performance indicators	> Key performance indicators, see pages 18 and 19	Key performance indicators see pages 18 and 19

Compliance with the UK Corporate Governance Code 2016

Index of Disclosures

Compliance with the Code

The Board reviewed the principles and provisions of the UK Corporate Governance Code 2016 (the 'Code') and its compliance with the Code throughout 2018.

Following this review, the Board is pleased to confirm that throughout the year ended 31 December 2018, the Company has fully complied with the Code. A copy of the Code can be found on the Financial Reporting Council ('FRC') website, www.frc.org.uk and further information on compliance with the Code can be found in this index.

The new Corporate Governance Code

The intention is to comply with the UK Corporate Governance Code 2018 ('2018 Code') for the year ending 31 December 2019. The Group will report on its compliance with the 2018 Code in its 2019 Annual Report and Accounts. A copy of the 2018 Code can be found on the FRC's website, www.frc.org.uk.

Leadership

The Board, led by the Chairman, is responsible for the long-term success of the Company. The Board provides entrepreneurial leadership and constructive challenge to executive management who run the business.

Effectiveness

The Board is comprised of Non-executive and Executive Directors with a diverse set of skills, experience and backgrounds. They each receive a comprehensive induction and continued support from the Company Secretary to enable them to carry out their duties effectively.

Engagement with stakeholders

The Board considers the views of its shareholders and other key stakeholders when making decisions and meets with shareholders from time to time to discuss key issues.

Accountability

The Board is responsible for determining the nature and extent of the principal risks it 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.

Remuneration

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

Chairman's introduction to governance

Rupert Robson
Chairman

Dear shareholder,

Your Board remains committed at all times to ensuring that it provides effective leadership within the framework of our core values and sound corporate governance. This commitment was put to the test during the past year which was undoubtedly a challenging one for the Group and its stakeholders. Circumstances required the Board to act decisively when, after careful consideration of the underlying issues, including the need to safeguard the inherent value in the business, and mindful always of our responsibilities to our shareholders and all stakeholders, it was decided that the Company should appoint a new Chief Executive Officer

I would like to thank my colleagues on the Board for their commitment to the process required to consider and implement this decision in a compliant and professional manner. Along with the whole Board, the Remuneration and the Nominations and Governance Committees committed significant time to these matters with the result that a set of important decisions were taken regarding the Company's leadership and direction. During this period of change it is also important for me to recognise the efforts and hard work of our employees who have remained focused and who have contributed to a successful year's results.

Our culture and values

We firmly believe that the conduct of the Group and our employees is as important as the products and services that we provide. We recognise this as an important measure of the Company's interaction with broader society. The Board remains committed to the promotion of our core values of honesty, integrity, respect and excellence, constantly reinforcing these through leadership, our business standards and our communications.

We regularly discuss the Company's culture and consider our attitudes and behaviours, recognising that it is essential to meet the needs and expectations not only of our clients but also of the Company's regulators, employees and other stakeholders in order to ensure that we have a successful and sustainable business going forward.

The Company's culture has evolved over a number of years with the express purpose of promoting our core values and engaging effectively with our various stakeholders. We continue to place a heavy emphasis on acting commercially so as to optimise returns to shareholders over the long term. But we have also woven the dictates of the cultural objectives described above into our operational framework to ensure that we remain fit for purpose in today's society.

In that vein, we have demonstrated with our actions over recent years our commitment to cultural, ethnic and gender diversity when considering the composition of the Board. This diversity commitment will remain an important factor in future deliberations about the Board's composition, recognising that better decisions are made by diverse Boards, while, importantly, also considering the skillsets and breadth of perspectives and experience required in our boardroom. This commitment to diversity extends all the way through the Company.

Executive leadership

In July the Board announced that John Phizackerley would step down from his post as Chief Executive and member of the Board with immediate effect. This decision was made after considered deliberations in specially convened meetings of the Non-executive Directors, Board and Remuneration Committee. Having regard to their experience and knowledge of the Company's operations and financial position, the Board resolved to appoint Nicolas Breteau as the Company's new Chief Executive Officer, and also to confirm Robin Stewart's appointment as permanent Chief Financial Officer. Both Nicolas Breteau and Robin Stewart were also appointed to the Board, which was of the view that with both appointments the Company not only had the leadership to deliver existing priorities, including the ongoing integration, but also to execute the future growth strategy The Board also took account of the benefits of the continuity inherent in these appointments given Nicolas' and Robin's previous senior management roles in the leadership of the Company.

In recognition of the increased and still increasing role that regulation and compliance plays in our operations, Philip Price, Group General Counsel and Group Head of Compliance, was also invited to join the Board as an additional Executive Director in September 2018. It was considered that this would also assist with the provision to the Board of the information it requires to carry out its role effectively. The Board has concluded that the presence of three Executive Directors will allow for a more rounded executive contribution to the Board's deliberations going forward.

Chairman's introduction to governance continued

Our evolving Board

We have committed to refreshing the Non-executive Director complement of the Board so that it remains fit for the future. As described in last year's Annual Report, there is now an explicit Board refreshment programme operating broadly on an annual basis While Edmund Ng's and Michael Heaney's appointments in November 2017 and January 2018, respectively, were noted in the 2017 Annual Report, we were also pleased to welcome Lorraine Trainer to the Board and as Remuneration Committee Chair elect in July 2018.

Carol Sergeant retired as Non-executive Director at the end of 2018, and Stephen Pull will retire at the conclusion of the Annual General Meeting in May 2019. I too am retiring from the Board at the conclusion of the Annual General Meeting.

Richard Berliand has joined the Board initially as Chairman designate and will assume the Chairmanship of the Company on 15 May 2019. Angela Knight, the Senior Independent Director, led the search process for the new Chairman and further information on this may be found on page 56.

In this way, the Board has ensured that there is healthy turnover in its composition while maintaining its breadth of skills and experience. Richard will continue to work on Board composition when he takes over as Chairman.

Executive Director remuneration

Shareholders will recall the introduction of a Transformation Long Term Incentive Plan ('T-LTIP') in 2017 for both Executive Directors and a number of senior executives within the Company. This followed agreement at the time that such an incentive plan would, in principle, be able to reward executives for the exceptionally heavy workload entailed by the integration programme, subject to targets being met.

The Remuneration Committee has concluded that in the circumstances the T-LTIP is no longer fit for purpose. The bulk of the integration work has been done, without detracting from the importance of completing the process in 2019. Executives are now turning their minds to the optimum strategy for the Company for the medium and long-term, as well as performing the continuing process of optimising Company performance annually. In light of this, the Remuneration Committee has formulated a revised Remuneration Policy, especially as regards the long-term incentive plan, for consideration by shareholders at the Annual General Meeting. Significant consultation with shareholders on the proposed new policy has taken place and further details may be found on pages 80 to 107 of this Annual Report.

Succession and governance oversight

The appointment of Nicolas Breteau as the Company's new Chief Executive Officer demonstrated the value and importance of our already established executive and senior management succession planning. This allowed the Board to act swiftly regarding his appointment as was required by the circumstances. The appointment was made after conducting a review of other possible candidates and their availability through a market mapping exercise, confirming that there was no obviously stronger candidate. This exercise was performed with the assistance of a search firm.

Succession will continue to be a subject of prime importance to the Nominations and Governance Committee. In the future, this Committee will be examining the Company's talent pool at still greater depth to seek the leaders and major contributors of tomorrow.

2018 also marked the first full year cycle for this Committee in its expanded role of taking the lead in governance oversight. This is intended to ensure that all our Company's procedures and thinking evolve alongside continuing corporate governance reform. Among the matters considered during the year was how to bring the voice of our colleagues into the boardroom. Further detail on this and the rest of the work of the Committee during the year may be found on pages 68 to 71.

Risks and controls

During the year the Company commenced a comprehensive review of its Group risk management framework. Good progress has been made and this remains an item of significant focus not only for the Risk Committee, but also for the Board as a whole. Significant work has taken place in recent years to redesign the risk management framework in line with increasing regulatory requirements. Latterly, the regulatory environment has also been changing as a result of the constantly moving target of Brexit. Whilst there is continuing work on sharpening the design of the framework, considerable further work has been going into ensuring that the compliance and control requirements of that framework permeate into every aspect of the Group's operations. This has entailed significant investment, and will continue to do so. Further information on this may be found in the Report of the Risk Committee on page 76.

Board effectiveness

As a Board we are always striving to improve our processes and the quality of our deliberations. We aim to learn from experience, and our Board evaluation process assists us in highlighting areas which require focus in this regard. We recently concluded our annual Board effectiveness evaluation. This time, the evaluation also questioned Board members about the lessons to be learned from the events of last summer.

The results of the evaluation highlighted that the Board, and its committees, had opportunities for improvement, with further development being identified in a number of areas. These included a refreshment of the design and content of regular Board papers so as to optimise information flow from the executives and enhance Board understanding and discussion. They also included the development of cultural oversight, improvements in time allocation to priority discussion items, and introducing an even greater focus on technology and cyber-security. Further detail on the evaluation and actions agreed for 2019 can be found on page 65.

The Board will once again conduct an evaluation exercise at the end of the year. This will be under Richard Berliand's leadership and will make use of an external evaluator.

Compliance with the Code

We have reviewed our governance framework with reference to the UK Corporate Governance Code 2016, and a statement of compliance with the Code is set out on page 50.

Conclusion

As a Group we continue to look for improvements to our governance structure and activity, and in doing so also have regard to the developing interests and requirements of all our stakeholders. This will remain a core priority going forward, building on the significant advances we have already made over recent years.

Rupert Robson
Chairman
19 March 2019

Board of Directors

Rupert Robson
Chairman

Tenure
Non-executive Director
6 years 2 months,
Chairman
6 years 0 months

Rupert has held a number of senior roles in financial institutions, most recently as Chairman of Charles Taylor plc, Non-executive Director of London Metal Exchange Holdings Ltd, Non-executive Director of OJSC Nomos Bank, Global Head, Financial Institutions Group, Corporate Investment Banking and Markets at HSBC and Head of European Insurance, Investment Banking at Citigroup Global Markets. Rupert will be stepping down as Chairman and from the Board at the conclusion of the AGM on 15 May 2019.

Current external appointments:
> Non-executive Chairman of Sanne Group plc
> Non-executive Director of Savills plc

Nicolas Breteau
Executive Director and
Chief Executive Officer

Tenure
8 months

Nicolas brings to the Board detailed knowledge of the business and wide-ranging leadership experience, most recently as CEO of Global Broking at TP ICAP. The Board also benefits from his extensive senior level experience, including senior managerial roles at MATIF (later part of Euronext) and most recently prior to joining TP ICAP, as Chief Executive of Newedge Group. Nicolas has also held directorship roles in Europe and the Americas at the Futures and Options Association (UK), Futures Industry Association (US) and Altura (Spain).

Current external appointments:
> None

Robin Stewart
Executive Director and
Chief Financial Officer

Tenure
8 months

Robin brings to the Board financial expertise and strong leadership skills developed both within TP ICAP plc (previously Tullett Prebon plc) and the wider industry over more than 20 years. Having joined the Group originally as Head of Tax in 2003, he has held the roles of interim CFO, Deputy CFO and Group Financial Controller at Tullett Prebon plc, giving him a solid understanding of the business. Robin started his career at Arthur Andersen, before moving to Dresdner Kleinwort, where he was Deputy Head of Tax.

Current external appointments:
> None

Philip Price
Executive Director and
Group General Counsel
and Head of
Compliance

Tenure
6 months

Philip has over 25 years' experience in the legal and regulatory aspects of the global financial services sector *having held senior roles in London,* Europe and Hong Kong. Prior to joining TP ICAP *he was a partner and COO at a listed European* private equity firm and prior to that he was General Counsel and COO at an offshore hedge fund. He headed the EMEA legal team at UBS Investment Bank between 1997 and 2005 and was Group Legal Adviser at Dresdner Kleinwort between 1994 and 1997. In addition to membership of a number of professional committees and organisations, Philip is admitted as a Solicitor of the Supreme Court of England and Wales. Given the increasingly complex and fast paced regulatory environment, Philip's expertise is an invaluable asset to the Board

Current external appointments:
> None

Angela Knight CBE A Re N Ri
Senior Independent
Non-executive Director

Tenure
7 years 6 months

Angela brings a wealth of knowledge and experience, stemming from her previous 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. 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.

Current external appointments:
> Non-executive Director of Taylor Wimpey Plc
> Non-executive Director of Arbuthnot Latham & Co Ltd
> Non-executive Director of Provident Financial *Group plc*

Michael Heaney Re N Ri
Independent
Non-executive Director

Tenure
1 year 2 months

With a longstanding and distinguished career in financial services, Michael brings to the Board an in-depth knowledge of *the financial markets* both in the US and the UK. Prior to his appointment, *he served as Global Co-Head of the Fixed Income* Sales and Trading Division at Morgan Stanley *where he spent 28 years of his career in both* New York and London. He was also a member of Morgan Stanley's Operating, Management and Risk Management Committees.

Current external appointments:
> Non-executive Director of Legal & General Investment Management Americas
> *Chairman of the SEC Fixed Income Market* Structure Advisory Committee

(A) Audit Committee (N) Nominations and Governance Committee · Chairman
(Re) Remuneration Committee (Ri) Risk Committee ● Member

Tenure has been calculated as at the date of this report

Edmund Ng Re N Ri
Independent
Non-executive Director

Tenure
1 year 4 months

Having previously 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, Edmund brings to the Board a deep understanding and insight of the Asian capital markets, one of our key markets. He is currently Chief Investment Officer and co-founder of Eastfort Asset Management, which was established in mid-2015 with Brummer & Partners in Sweden.

Current external appointments:
> Chief Investment Officer and co-founder of Eastfort Asset Management

Roger Perkin A N Ri
Independent
Non-executive Director

Tenure
6 years 8 months

Roger's longstanding financial and accounting career, combined with his extensive board experience, provide a valuable skillset as Chairman of the Audit Committee and member of the Risk Committee. Roger is a qualified accountant and spent 40 years at EY before retiring from the firm in 2009. He was formerly a Non-executive Director at The Evolution Group plc, Friends Life Group, Nationwide Building Society and Electra Private Equity plc. He is also a Trustee of three charities, Chiddingstone Castle, The Conservation Volunteers and the Charities Aid Foundation.

Current external appointments:
> Non-executive director of Hargreaves Lansdown plc
> Non-executive director of AIB Group (UK) plc

Stephen Pull Re N
Independent
Non-executive Director

Tenure
7 years 6 months

Stephen has brought a wealth of financial services experience to the Board and to his role as Chairman of the Remuneration Committee. He was Chairman of Corporate Broking at Nomura following its acquisition of Lehman Brothers Europe, for whom he worked as Head of Corporate Broking, and then as Chairman of Corporate Broking. He has also held a number of other senior roles in the City, including Managing Director of Corporate Broking at Merrill Lynch and Head of UK Equity Sales at Barclays de Zoete Wedd. Stephen will be stepping down from the Board at the conclusion of the AGM on 15 May 2019.

Current external appointments:
> Director of Trust Associates Ltd

David Shalders A Re N Ri
Independent
Non-executive Director

Tenure
5 years 1 month

David's combined skillset of operational, technological and M&A expertise gained from his role as Group Operations & Technology Director at Willis Towers Watson plc is highly valuable to the Board and to his role as Chair of the Risk Committee. He brings further operational experience from his previous senior roles as Global Chief Operating Officer for Global Banking and Markets at Royal Bank of Scotland as well as Head of London and Asia Operations and Head of Derivative Operations for NatWest.

Current external appointments:
> Group Operations & Technology Director at Willis Towers Watson plc

Lorraine Trainer A Re N
Independent
Non-executive Director

Tenure
8 months

Having had an established career in HR executive leadership across financial institutions including Citibank NA, the London Stock Exchange and Coutts Natwest Group, Lorraine brings a fresh perspective to the Board. She has experience of chairing Remuneration Committees currently at Essentra PLC and Sonae SGPS and, until recently at Jupiter Fund Management PLC. This depth of experience will be very relevant as she assumes the Chair of the Remuneration Committee. She has also previously held Non-executive positions at Colt Group and Aegis Group.

Current external appointments:
> Non-executive Director and Chair of Remuneration Committee of Sonae SGPS
> Non-executive Director and Chair of *Remuneration Committee of Essentra PLC*

Richard Berliand
Independent
Non-executive Director
and Chairman
designate

Tenure
Appointed 19 March 2019

Richard combines detailed understanding of the financial services industry, especially in the field of market structure, with recent and relevant Board experience. With a background as Senior Independent Director and Deputy Chairman at other listed financial institutions he is well placed to lead the Board and the development of its strategy on becoming Chairman at the conclusion of the 2019 AGM. His extensive knowledge stems from a 23 year career at JP Morgan, where he served as Managing Director, most recently leading the global cash equities and prime services businesses.

Current external appointments:
> Senior Independent Director and Chair of Remuneration Committee of Man Group plc
> Member of Supervisory Board of Deutsche Börse AG

Board in conversation

A view from the Non-executive Directors on how the Board drives effective governance throughout the organisation for the benefit of its stakeholders.

Q How is our Company purpose, values and strategy aligned to culture?

A **Rupert Robson**
Chairman

The Board recognises that culture, based on the Company's core values, is fundamental to the long term success of the business and integral to helping the business meet its clients' needs.

The Board plays an important role in aligning the Company's purpose and strategy to our core values of honesty, integrity, respect and excellence which underpin our culture and set out the type of organisation we want to be. Our core values are reflected within our Code of Conduct and are built into the performance management process for all employees. The Board receives regular updates on culture and conduct through Board presentations, a 'culture monitor' report that measures progress against specific goals, as well as feedback from employee surveys.

With this oversight, the Board is able to set the tone from the top and ensure that culture remains a key consideration when developing and reviewing the implementation of the Group's long-term strategy.

Read more about our strategy in the Strategic report on pages 16 and 17.

Q What steps were taken to ensure an orderly succession process for the Chairman?

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

Following the announcement of Rupert Robson's intention to retire as Chairman, I led the search for his successor and chaired the meetings of the Nominations and Governance Committee where the search and recommendation for appointment of the new Chairman was discussed. All the Non-executive Directors were therefore involved with the exception of Rupert Robson who had no involvement in the search.

The formal search process was supported by Russell Reynolds, an independent search consultancy which had been hired to provide assistance to the Committee for this purpose. The Committee created a candidate specification and skills requirements, which included the expected time commitment. This was used by Russell Reynolds to identify potential external candidates in the market. All the members of the Committee individually met with the shortlisted candidates and reflected on the skills and experience that the candidates brought to the Company. A Committee meeting followed in late 2018, where the final decision was made to recommend the appointment of Richard Berliand.

Towards the end of the selection process, it was agreed that it would be in the best interests of the Company for Rupert to remain as Chairman until the end of the Company's 2019 AGM to ensure a smooth handover and orderly succession.

Read more about the activities of the Nominations and Governance Committee on page 68.

Q What steps has the Board taken to ensure that management identifies and addresses future challenges and opportunities brought about by changes in technology?

A **David Shalders**
Independent Non-executive Director and Chair of the Risk Committee

The changing landscape of technology is an important consideration for the Board in developing its strategy and determining its risk appetite, especially in the areas of data, analytics and digital execution.

Technology was a key focus of our Strategy Day where the Board considered how to leverage technology to improve long-term growth and discussed the Company's IT strategy in order to enhance operational excellence. Through regular reports from the Chief Executive Officer, the Board gains insight into management's approach to identifying opportunities arising from technological changes. The Company has also set up a Technology sub-committee as a dedicated forum to consider future technologies and talent development with participation from myself and other members of the Board. The sub-committee will support the Board in keeping up to date with changes relevant to the business, particularly in relation to cloud, artificial intelligence/machine learning and agile development methodologies.

The Board recognises that some of its principal risks have arisen through changes to technology and is mindful of the need to maintain oversight of, and mitigate, these risks to ensure our infrastructure remains resilient. The Risk Committee has begun carrying out deep dives on specific areas to make sure they are being addressed effectively and regular updates on cyber-security and technology are presented to the Risk Committee.

Read more about risk management in the Risk Committee Report on page 76.

Q How will the Board take into account the views of its workforce?

A

Michael Heaney
Independent Non-executive Director

Following changes to the UK Corporate Governance Code at the end of 2018 on how companies should approach workforce representation and engagement, the decision has been made to have three designated Workforce Engagement Non-executive Directors (myself, Edmund Ng and Lorraine Trainer) to cover the three key regions; the Americas, Asia Pacific and EMEA, respectively.

The designated Non-executive Directors will meet with the regional Heads of HR to discuss key themes and implications from the results of regional engagement surveys, as well as culture dashboards and other data relating to culture. Direct employee contact sessions will be scheduled between the Workforce Engagement Non-executive Directors and employees to better understand and provide more colour to the key themes from the survey, and also to give employees an opportunity to provide unfiltered feedback. The intention is that this happens twice a year and in each case actions agreed from the previous session are reviewed. After each engagement cycle a written summary is produced and the respective Workforce Engagement Non-executive Director will report back to the Board.

Read more about our workforce and other stakeholder engagement on pages 66 and 67.

Q How have you consulted with shareholders on the new Remuneration Policy?

A

Lorraine Trainer
Independent Non-executive Director

Following the decision to put a new Executive Directors' Remuneration Policy to shareholders subsequent to the appointment of the new executive team, we embarked on an exercise to consult with shareholders.

We have a quite concentrated register with the top five shareholders currently holding nearly 50% of the shares. With this in mind we began by consulting with this group. Having received some helpful feedback, we made some changes and were able to go out to the next ten largest shareholders inviting them to comment or to request a meeting.

Stephen Pull and I consulted with the Remuneration Committee and shared with them a summary of the feedback we had received. As is normal in a consultation process, we had received some common and some differing views. The Committee took all these into account in presenting the Policy to you that is now in this report.

Read more about our Remuneration Policy on page 98.

Corporate governance report

Leadership

Board meetings

The Board has a schedule of eight meetings a year to discuss the Group's ordinary course of business in accordance with a detailed annual forward agenda developed by the Chairman and the Company Secretary, and agreed by the Board. Every effort is made to arrange Board meetings so all Directors can attend. Additional meetings are arranged as required.

2018 Board meeting attendance

Director	Meetings attended[1]
Rupert Robson	8/8
John Phizackerley[2]	4/4
Angela Knight	8/8
Roger Perkin	8/8
Stephen Pull	8/8
Carol Sergeant[3]	7/8
David Shalders[4]	7/8
Edmund Ng	8/8
Michael Heaney	8/8
Lorraine Trainer[5]	4/4
Nicolas Breteau[6]	4/4
Robin Stewart[7]	4/4
Philip Price[8]	3/3

1 In addition to the scheduled meetings, seven further ad hoc meetings were held at short notice during the year. All eligible members were able to attend these meetings except for the following Directors due to previous commitments which could not be rearranged: Michael Heaney in March and May and both Carol Sergeant and Edmund Ng in May.
2 John Phizackerley stepped down as a Director of TP ICAP plc on 9 July 2018.
3 Carol Sergeant stepped down as a Director of TP ICAP plc on 31 December 2018. She was unable to attend the Board meeting in December 2018.
4 David Shalders was unable to attend the Board meeting in December 2018 due to a previous commitment relating to his external executive position which could not be rearranged.
5 Lorraine Trainer was appointed as a Director of TP ICAP plc on 1 July 2018.
6 Nicolas Breteau was appointed as a Director of TP ICAP plc on 10 July 2018.
7 Robin Stewart was appointed as a Director of TP ICAP plc on 10 July 2018.
8 Philip Price was appointed as a Director of TP ICAP plc on 3 September 2018.

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 Matters Reserved can be found on the Company's website at www.tpicap.com.

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

There are also two executive level Committees chaired by the Chief Executive Officer which are the Group Executive Committee ('GEC') and the Group Risk, Culture and Conduct Committee ('GRCCC') (previously the Group Executive Risk Committee ('GERC')). The responsibilities of these Committees are also described in the governance framework on page 59. The names, responsibilities and biographies of members of the GEC can be found on the Company's website at www.tpicap.com.

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

The 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 of the Company Secretary.

Division of Responsibilities

The roles of the Chairman and Chief Executive Officer are separate and a formal Statement of Division of Responsibilities has been adopted by the Company which can be found on the Company's website at www.tpicap.com.

Chairman: Independent on appointment and leads the Board by facilitating the effective contribution of all Directors and ensuring high standards of corporate governance. He 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. He is 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.

Non-executive Directors: Independent of management, they assist in developing and approving the strategy. Non-executive Directors provide advice and constructive challenge to management and serve on the Board Committees.

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

Governance framework

Board

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

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

Committees

Audit

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

Nominations and Governance

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

Risk

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

Remuneration

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

Group Executive Committee

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

Group Risk, Culture and Conduct Committee

The Committee is 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.

Corporate governance report continued

The Board's activities

During 2018, the Board held its June meeting in New York and its September meeting in Belfast. The New York office is the principal head office of the Americas, and gave the Board the chance to gain insight into the region's performance, objectives, opportunities and risks. The Belfast office's headcount and capabilities have increased during 2018, especially in the IT and Operations departments. Therefore, holding the Board meeting there in September gave the Directors an opportunity to see how this transition was progressing, as well as offering the opportunity to interact with regional management and staff. In May 2018 the Board and senior management also held a Strategy Day offsite meeting in London.

On two occasions during the year the Non-executive Directors held meetings without the Executive Directors present where they reviewed the performance of the executive management team. Non-executive Director only meetings are scheduled periodically throughout the year to facilitate full and frank discussion.

In addition to the scheduled meetings, seven off-cycle Board meetings were held throughout the year in which the Board discussed, amongst other things, management performance and changes to the Board.

Board Strategy Day

In May 2018, the Board held a Strategy Day offsite to discuss key areas of focus related to future strategy The Board was joined by members of the Group Executive Committee and advisers, and considered and deliberated upon presentations from senior managers on the following strategic themes:

> ten year outlook on capital markets and the concept of ecosystems in financial services;
> the Global Broking strategy;
> the Data & Analytics strategy;
> the Institutional Services strategy;
> the Energy & Commodities strategy;
> people and HR,
> operational excellence; and
> market updates.

There was a follow up at the Board meeting in June, at which the Board examined the main themes of the transformation strategy and considered and agreed where the main focus for investment would be in 2019.

The Board activities pie chart below and the table on page 61 show how the Board spent its time at Board meetings and the Strategy Day during the year, including the key areas of focus and discussion.

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

CEO update including strategy	30%
CFO update including dividend and tax matters	18%
Routine matters	13%
Business/management updates including culture	10%
Risk management and audit including Brexit	8%
Legal and compliance	8%
M&A	5%
Investor relations	4%
Governance and policy	4%

Key agenda items discussed by the Board

Some of the key strategic priorities and areas discussed and reviewed by the Board in 2018 are shown below:

Strategic and operational priorities	Key activities and discussions
Strategy formulation and monitoring	> Regular Chief Executive Officer's reports > Acquisition strategy > Regular reports on integration > Reports from the Americas, EMEA and Asia Pacific regions > Presentation from the Head of Client Relationship Management > Strategy Day and follow up (see page 60)
Build and sustain technology leadership	> Technology updates, including on desk electronification > Presentation on technology integration and growth initiatives
Develop our people	> Culture measurement > Employee development and succession planning > Workforce engagement discussions and proposal considerations > Gender Pay Gap review
Enhance operational expertise	> Presentation on operations > Communications strategy > Regular reports on integration and integration metrics > Visited the New York and Belfast offices
Financial performance, including results, capital and liquidity	> Regular Chief Financial Officer's reports including financial performance > Five year financial plan > Financial strategy > Approval of the 2018 Group budget > Approval of 2017 year end results, the Annual Report and Accounts, the AGM circular and dividends > Approval of interim results and review of trading statements > Viability statement and going concern > Pillar 3 disclosures
Governance and risk, including regulatory outcomes	> Reports of the activities of the Audit, Risk, Remuneration and Nominations and Governance Committees > Withdrawal of the United Kingdom from the European Union and consequences for the Group > Regular legal and compliance reports > Conflicts of interest > Corporate governance updates > Board appointments > Board and committee evaluation > Securities dealing code update > Engagement with the FCA > Review of modern slavery statement
Stakeholders and society	> CSR strategy > Investor relations reports and shareholder analysis > Review of the charitable giving policy

Corporate governance report continued

Effectiveness

Board composition
At the year end the Board comprised three Executive Directors, eight Independent Non-executive Directors and a Non-executive Chairman. Well over half the Board was composed of Independent Non-executive Directors throughout 2018 and this remains the case as at the date of this report with a total of eight Non-executive Directors.

The Board recognises that a balanced Board, with a broad range of skills, experience, knowledge and diversity, is more likely to be an effective Board. The Directors' biographies on pages 54 and 55 and pie charts on this page demonstrate the depth and breadth of the Board's experience and skillset. The pie charts on this page reflect the constitution of the Board as at 31 December 2018.

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

None of the Non-executive Directors or their immediate families have received additional remuneration apart from Directors' fees and the Board believes that there are no relationships, conflicts of interest or other circumstances which are likely to affect, or could appear to affect, any Director's judgement.

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

The Nominations and Governance Committee reviews at each of its meetings the Company's Conflicts and Relevant Situations Register, which sets out information on Directors' conflicts that have either been authorised (in accordance with section 175 of the Companies Act 2006) or declared (in accordance with section 177 of the Companies Act 2006), as well as setting out Directors' other directorships. At any time the Board considers a Director appointment, the Board is also invited to consider an extract of the Conflicts and Relevant Situations Register for the individual under consideration, and is asked to authorise conflicts as necessary.

Terms of appointment
The terms of the Directors' service agreements and letters of appointment are summarised in the Directors' Remuneration Report on pages 106 and 107. Each of the Directors is subject to annual re-election by shareholders. The service agreements and the letters of appointment are available for inspection during normal business hours at our registered office, and at the AGM from 15 minutes prior to the meeting until its conclusion.

External appointments
The Directors' other directorships are set out in the biographies on pages 54 and 55. 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.

Composition of the Board as at 31 December 2018

Gender

Male	9
Female	3

Nationality

British	9
French	1
American	1
Canadian	1

Skills mapping

Banking	11
Broking	4
Operational	4
Regulatory	4
Risk	3
Accounting	2
Technology	1

Tenure

0-3 years	6
3-6 years	2
6+ years	4

Keeping the Board informed

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

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

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

The Board continually monitors the quality of the information it receives to ensure it is clear, comprehensive and helps the Board to carry out its duties. Board Intelligence has been engaged to assist in this regard and to review and refine the information that goes to the Board, as well as how it is presented. To facilitate this review, the Board considered its priorities which were used to focus forward agendas and Board papers. Training has also been offered to business leaders and presenters to provide them with the necessary tools to write clear and consistent papers which facilitate focused discussions on pertinent matters.

Board training and development

All Directors receive a comprehensive induction on joining the Board. Further detail with regard to the induction provided to the two Non-executive Directors appointed during the year is set out in the Nominations and Governance Committee Report on page 70.

The Chairman is responsible for ensuring Directors continually update their skills and knowledge, and familiarity with the Company, so as to fulfil their role. Each of the main Board committees receives regular briefings on relevant current developments. The Board is kept informed of any material shareholder correspondence, broker reports on the Company and sector, institutional voting agency recommendations and documents reflecting current shareholder thinking. In addition, members of the GEC make regular presentations to the Board.

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

Corporate governance report continued

Board evaluation

The 2018 Board and committees evaluation process was internally facilitated and is illustrated in the following diagram:

1	2	3	4	5
Detailed and comprehensive web-based bespoke questionnaires designed by the Company Secretary in consultation with the Chairman of the Board and respective chairmen of each committee	**Electronic completion and return by individual Directors and other designated senior managers**	**Collation of the responses by the Company Secretary and preparation of anonymised reports**	**Review by the Chairman of the Board or respective chairman of the committee of each performance area, proposing potential action plans designed to address the findings, for discussion at each forum**	**Presentation of the findings and proposed actions to the Board and committees on a non-attributable basis for discussion at meetings in January and March 2019 and agreement of action plans**

Progress against 2017 actions

The outcome of the 2017 Board evaluation exercise, which was internally facilitated, was reported in detail in last year's Annual Report. The main action points arising from that exercise, and action taken in respect of each, are set out in the table below.

2017 evaluation recommendations	Progress made during the year
Optimise Board and senior management succession planning	> The Nominations and Governance Committee received presentations during the year from the Group Head of HR on succession planning and the senior executive talent pipeline. Senior management succession will continue to be considered by the Nominations and Governance Committee with recommendations made to the Board as appropriate. > Following a review of the Board's composition and leadership structure, there have been a number of Executive and Non-executive changes to the Board.
Consider systematic timetabling of post-implementation or post-investment reviews	> The first Board review of the integration of material investments made in the previous year was carried out in January 2019, after the first anniversary of the acquisition of COEX. The Board intends to continue to review future investments as a matter of course, usually after the one year anniversary of the investment's implementation.
Enhance monitoring of achievement of our strategic objectives, including information structured around the main integration objectives and performance drivers	> The Board conducted a review of the achievement of strategic objectives in particular around integration and performance drivers and recognised that changes were required to the integration strategy with a new executive management team to drive this forward.
As regulations change, ensure a continuing development programme is in place for the Board, including training and technical briefings linked to our business issues	> The Board received briefings on Directors' duties, company legislation and regulatory developments. The effectiveness of the Board's development programme will continue to be reviewed by the Nominations and Governance Committee. > The Board received a crisis escalation briefing to assist Directors' understanding of their role and responsibilities in a crisis.

Actions agreed for 2019

The 2018 evaluation confirmed that the Board and its committees had areas for improvement and optimisation. The main recommendations arising from the Board evaluation for 2018, and actions planned during 2019, are set out in the table below.

2018 evaluation recommendations	Actions to be taken during 2019
Enhance cultural oversight by the Board	> Continue with the development of a dashboard to monitor culture which will be kept under regular review by the Risk Committee. > Include culture as a regular item for consideration within the HR presentations to the Board > Implement a Workforce Representation and Engagement Programme and ensure the Nominations and Governance Committee receives debriefings on workforce engagement and continues to review the effectiveness of the programme.
Enhance the Board's engagement on priority matters	> Continue to build dedicated Non-executive Director only engagement into the formal meeting calendar. > Continue to review the Board's priorities and focus the meeting agenda on priorities to ensure sufficient time is spent discussing key issues.
Enhance the Board's oversight of technology and cyber-risk	> Set up a Technology sub-committee to enhance oversight. > Continue to receive reports on technology and cyber-risk from the Group Chief Operating Officer.

There are various specific actions to be taken during 2019 by each of the Board committees which are set out in their respective Committee reports.

Individual performance evaluation

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

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

As part of the evaluation, an individual's commitment of time to the Company in light of their other commitments, as noted in their biographies on pages 54 and 55, is reviewed. Roger Perkin and Angela Knight were subject to rigorous evaluation, in line with the Code, given that each will have served over six years by the time of the AGM in May 2019.

All Directors subject to the evaluation were deemed to be effective members of the Board and are recommended for election or re-election at the AGM. Given that Rupert Robson and Stephen Pull will not be putting themselves forward for re-election at the forthcoming AGM, neither of them undertook the formalised individual performance evaluation this year.

How the Board engages with stakeholders

Shareholders

The Board recognises the importance of effective engagement with and participation from shareholders. Prospective investors and shareholders can find information on the Group's activities, results, products and recent developments on the Company's website, www.tpicap.com/investors.

How we engage

During the year we engaged with institutional investors through results presentations, investor roadshows both in the UK and US, as well as individual meetings with shareholders and sell-side analysts. The Chairman also contacted the top 15-20 shareholders offering to meet with them. In addition, this year members of the Remuneration Committee met with major investors to discuss the proposed changes to the Remuneration Policy and this feedback was taken into consideration in finalising the Remuneration Policy proposals.

The AGM is open to all our shareholders to attend and the Chairman aims to ensure all Directors, including chairs of the Board committees, are available to answer questions and meet shareholders. We send the notice of the AGM and related papers to shareholders at least 20 working days before the meeting.

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

Clients

The Board understands that our clients are integral to the success of TP ICAP and endeavours to stay informed regarding important client developments.

How we engage

Our relationships and engagement with our clients are fundamental to the success of TP ICAP. We recognise that we need to have regular and effective dialogue with our clients to understand their needs and how satisfied they are with our business. We also engage with our clients to identify any areas that we could improve in order to serve them more comprehensively.

Progress has been made throughout 2018 to foster and institutionalise relationships, not just between traders and brokers, but also between firms at a senior level.

The Board receives regular updates on our clients through the Chief Executive Officer as well as the Head of Client Relationship Management. Specific reports from our client relationship management team are also periodically included on the Board agenda.

The Chief Executive Officer has regular meetings with major clients to obtain feedback regarding broking satisfaction and trading platform preferences.

Employees

Engagement with employees is vital in order to understand the needs of our people and ensure that we attract and retain talent.

How we engage

The Board gains an insight into employee sentiment from the results of the annual employee survey. The survey is shared with the Board and measures engagement levels.

In the UK there is an employee representation forum, made up of elected individuals, which provides an opportunity for employees to engage with members of the executive team on various issues.

In addition, the Chief Executive Officer holds frequent listening sessions in which he is able to answer questions directly from employees. He also runs 'town hall' meetings in all regions and uses this forum to present to employees and hold Q&A sessions.

The Board also receives periodic updates from HR on talent, succession and leadership development as part of the Board and committee papers and spent time discussing these matters during the Strategy Day.

Given the recent changes to the Code, the Board's engagement with employees has been enhanced through the appointment of one Non-executive Director for each of our three key regions (Americas, EMEA and Asia Pacific) to engage directly with the workforce. With the assistance of regional HR teams, the Board hopes to improve its oversight and communication with employees and gain a deeper understanding of their views

Regulators

As the Group is lead regulated by the Financial Conduct Authority ('FCA'), we regularly engage with them to better understand and respond to their views and concerns and to receive feedback on our policies and ways of working.

How we engage

Engagement is typically with the FCA's supervisory team as our lead regulator 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 those discussions with the FCA as well as with regulators in other jurisdictions in which we operate through Board presentations and regular legal and compliance updates at the Board meetings. We also invited the FCA to attend two Board meetings during the year which provided the Board the opportunity to engage with the FCA directly on particular matters.

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

Given the increasingly complicated and fast paced regulatory environment in which the Group operates, the Board has brought regulatory compliance matters to the forefront of its discussions with the appointment of Philip Price as an Executive Director in September 2018.

Suppliers

The Board recognises the importance of engaging with our key infrastructure suppliers in order to monitor performance, manage risk and drive value.

How we engage

We rely on a number of key suppliers to provide business critical infrastructure services and certain outsourced operations. These key suppliers provide services across a wide spectrum of sectors including IT, telecommunications, market data and clearing and settlements.

Progress has been made during 2018 to identify our key infrastructure suppliers using a strategic segmentation tool and quantify the risk associated with third party infrastructure failure. We have been developing the strategic relationships with our key suppliers, using structured executive engagement to explore opportunities to deliver enhanced value, agree shared objectives and manage risk. We have also established the ongoing monitoring of our supplier base for sanction compliance and risk management. In addition, we maintain purchasing policies which aim to minimise the risk of modern slavery in our supply chain and the Board annually reviews and approves the Modern Slavery Statement.

During 2019, it is our intention to formalise our key strategic supplier management framework, focusing on consolidating our supplier base, monitoring spend and performance, driving forward strategic initiatives, developing relationships, further expanding the risk management controls, and reporting quarterly to the Board.

Our stakeholders

Our ability to engage effectively with our stakeholders and to understand their diverse perspectives is vital to our success as a business.

We are committed to maintaining and enhancing our engagement with our key stakeholder groups: shareholders, clients, employees, regulators and suppliers. We value these relationships as they are fundamental to achieving our objectives in building a sustainable business.

We use various methods to engage with each stakeholder group which are set out in more detail on these pages. The Directors are mindful of their duty under section 172 of the Companies Act 2006 to have regard to stakeholder interests when discharging their duty to promote the success of the Company and will continue to evaluate, evolve and improve the effectiveness of our engagement.

Report of the Nominations and Governance Committee

Rupert Robson
Chairman, Nominations and Governance Committee

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

1 In addition to the scheduled meetings, two further meetings were held at short notice, one in May and one in November. All members were able to attend the two additional meetings.
2 Michael Heaney was appointed as a member of the Committee on 25 January 2018
3 Lorraine Trainer was appointed as a member of the Committee on 1 July 2018.

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

Governance and CSR	28%
Training	22%
Routine matters	15%
Succession planning	14%
Workforce engagment and culture	8%
Non-executive Director recruitment	7%
Executive Director recruitment	5%
Election/re-election of Directors	1%

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

Dear shareholder,

This year the Committee had its first full year after significantly widening its remit and responsibilities to include oversight of governance matters. I have summarised below the various matters that the Committee has dealt with during 2018.

Succession planning
Succession planning and talent review continues to be a very important responsibility for the Committee. Towards the beginning of the year, the Committee was joined by the Group Head of HR to review and discuss succession and talent development at senior management and Executive Director levels. The Committee reviewed succession plans for the Chief Executive Officer and for individual GEC members, identifying if there were any leadership development requirements.

Acknowledging the importance of identifying TP ICAP's future senior leaders and ensuring there is a talent pipeline to draw from, the meeting also considered talent development initiatives, including a leadership development training programme and a global mentoring programme.

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

> reviewing the balance and skill, knowledge and experience of the Board and 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;
> supervising the Board performance review process, and overseeing any remedial action required as a result of the Board performance evaluation process concerning the composition of the Board;
> considering various governance matters, including compliance with the UK Corporate Governance Code;
> reviewing the content of key non-pay related workforce policies, including, but not limited to, social and environmental matters, the Company's Code of Conduct and workforce engagement;
> reviewing conflicts; and
> reviewing and approving the Company's share dealing code and related policies.

As mentioned in my governance letter, the succession plans in place allowed the Board to move quickly when it decided that a leadership change was required. The Committee has recently resolved to look deeper into the Group's talent pool during 2019 and going forward.

Board member recruitment and appointment of Directors

We set out last year our commitment to ensuring appropriate refreshment of the Non-executive Director complement of the Board, mindful always of our diversity aspirations. Broadly we hope to establish a pattern of refreshment of one Non-executive Director each year. To this end, the Committee will be paying particular attention to succession planning for those Non-executive Board colleagues with tenure of over six years

We reported last year on the appointments of Edmund Ng and Michael Heaney as Non-executive Directors, who not only brought to the Board their extensive experience and perspectives of financial markets in two of our regions, but also cultural diversity.

We also highlighted Stephen Pull's intention to retire from the Board and the commencement of a search for his replacement. The Nominations and Governance Committee led the selection process, agreeing to appoint Russell Reynolds, an independent recruitment consultant with no other connection to the Company, to conduct the search. The search was based on objective criteria, with due regard to the Board's diversity goals, during which a long list and then a shortlist of possible candidates was prepared. All members of the Board participated in interviewing the final two shortlisted candidates before final selection and recommendation by the Committee to the Board of the appointment of Lorraine Trainer, who was appointed on 1 July 2018.

Following specially convened meetings of the Non-executive Directors, Board and Remuneration Committee in July, the decision was made that John Phizackerley would step down as Chief Executive and member of the Board. The succession plan was instigated and a review undertaken of other possible candidates and their availability through a market mapping exercise. Nicolas Breteau was appointed the Company's new Chief Executive Officer and a member of the Board on 10 July 2018 after it was confirmed that there was no obviously stronger candidate. The market mapping exercise was performed with the assistance of Egon Zehnder, an independent recruitment consultant with no other connection to the Company.

The search for a new Chief Financial Officer was commenced at the end of 2017, and this was an item of discussion at several Committee meetings during the first half of 2018. Spencer Stuart, an independent recruitment consultant with no other connection to the Company, was engaged to conduct the search. A long list and then a shortlist of possible candidates was prepared, which included Robin Stewart, an internal candidate and the interim Chief Financial Officer. Interviews of shortlisted candidates were conducted by the Chief Executive Officer, the Chair of the Audit Committee and other members of the Board. The views of members of the Committee who had interviewed the candidates were discussed at length during July's wider Board deliberations about the leadership of the Company, and it was decided to confirm Robin Stewart's appointment as permanent Chief Financial Officer on 10 July 2018

Report of the Nominations and Governance Committee continued

Early in 2018 the Committee discussed whether the Board might benefit from additional executive representation, and this was further discussed at a subsequent meeting. Recognising the increasing role that regulation and compliance plays in the Group's operations, and Nicolas Breteau being supportive of the proposal, the Committee recommended and the Board approved the appointment of Philip Price, Group General Counsel and Group Head of Compliance, to the Board as an Executive Director on 3 September 2018.

All appointments were made on merit and on the basis that they were considered the best candidates to promote the success of the Company.

Following the announcement that I would be retiring as Chairman of the Company, Angela Knight, as Senior Independent Director, led the search for my replacement, a process in which I took no part. The announcement of Richard Berliand's appointment as Chairman designate was made in December, and he was appointed to the Board on 19 March 2019. Angela Knight provides some insight into the search process on page 56.

Induction

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

Board skills, experience and diversity

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

Our commitment to increasing the percentage of female Board members remains. Throughout the second half of 2018, the proportion of female Board members had increased in comparison to the previous year, to 25% or more. Following Carol Sergeant's retirement at the end of the year, we have temporarily weakened gender diversity in terms of proportionality. This is also, to a large extent, a consequence of the increased size of the Board which will return to more normal levels at the conclusion of the 2019 AGM. When drawing up selection criteria for a Board recruitment process the Committee will have regard to diversity, but in its widest sense and will remain focused on recruiting on merit and the best candidate for any role. However, in all searches for Board members, female candidates are considered. This was the case in 2018 for the searches for the Board Chairman designate, the Chair elect of the Remuneration Committee and the Chief Financial Officer.

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

Governance
During the year, the Committee has paid particular attention to the evolving corporate governance and regulatory environment, bringing in external subject matter experts to discuss the implications of the changes to the UK Corporate Governance Code, as well as to work through the considerations in the event of a takeover bid scenario, from a Market Abuse Regulations, Listing Rules and Disclosure and Transparency Rules point of view. The Committee considered how best to bring the employee voice into the boardroom. further information on what was agreed may be found on pages 57 and 66.

The Committee also looked at crisis escalation and management in a cyber context, agreeing a new escalation framework and hearing how crises are managed in a very different context by the City of London Police.

Among the other matters considered by the Committee during 2018 were the Board effectiveness evaluation process, charitable giving proposals and the set up of a Technology sub-committee.

The Committee conducted an internal review of its effectiveness and determined that it was operating well in most areas. There were some specific areas for improvement identified and action agreed to enhance oversight of senior management bench strength and talent management to refresh Director knowledge and to improve stakeholder engagement.

Election and re-election of Directors
The Committee takes into account the results of the evaluations of individual Directors (see page 65 for further information) to assist in determining whether to recommend to the Board the election or re-election of Directors at every Annual General Meeting, as required in accordance with the Company's Articles of Association. The Committee has considered the mix of skills and background of the members of the Board and considers that this mix is currently appropriate to the Company's requirements. The Board exhibits gender and cultural diversity, and the range of skills and backgrounds encompasses financial, commercial, operating, control, political and international attributes.

All Non-executive Directors have submitted themselves for election or re-election at the 2019 AGM with the exception of Stephen Pull and myself. Richard Berliand, Lorraine Trainer, Nicolas Breteau, Robin Stewart, and Philip Price will be submitting themselves for election for the first time in accordance with our Articles of Association. The Committee is pleased to recommend all Directors for election or re-election at the AGM in 2019. Given the length of service of each of Angela Knight and Roger Perkin, their evaluations were subject to rigorous scrutiny prior to making a recommendation for their re-election. The biographies of the Directors standing for election or re-election can be found on pages 54 and 55.

Rupert Robson
Chairman
Nominations and Governance Committee
19 March 2019

Report of the Audit Committee

Roger Perkin
Chairman, Audit Committee

Committee members[4]	Meetings attended
Roger Perkin[1]	4/4
Carol Sergeant[2]	3/4
Angela Knight	4/4
Lorraine Trainer[3]	1/2

1 Roger Perkin has recent and relevant financial experience as a qualified accountant with 40 years experience, and as Chairman of the Audit Committee at Hargreaves Lansdown plc.
2 Carol Sergeant was unable to attend the meeting in December 2018
3 Lorraine Trainer was appointed as a member of the Committee on 1 July 2018, but was unable to attend the meeting later in July due to a prior engagement related to another directorship.
4 David Shalders became a member of the Audit Committee in January 2019.

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

Internal auditor	36%
External auditor	25%
Annual reporting cycle	21%
Routine matters	9%
Tax matters	3%
Risk management and internal controls	3%
Governance	3%

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

Dear shareholder,

This report sets out how the Committee discharged its responsibilities during 2018, and explains how the Committee ensured the integrity of financial reporting by undertaking a review of the controls in place. The report also highlights the Committee's assessment of significant financial reporting judgements in connection with the 2018 financial statements, and the conclusions reached.

We made a 'fair, balanced and understandable' recommendation to the Board, which is explained on page 74. We also adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' and prepared for the adoption of IFRS 16 'Leases' in the 2019 financial year.

There have been a number of changes to the Committee during the year including the appointment of Lorraine Trainer, who brings wide-ranging business experience within the financial services sector and operational expertise, and the retirement of Carol Sergeant. David Shalders was appointed to the Committee in January 2019 and brings both commercial experience within the sector and technological expertise. All Committee members are independent Non-executive Directors with experience within the financial services sector.

Committee effectiveness
The Board carried out a comprehensive Board evaluation review this year which included a review of the Committee's performance. I am pleased to report the Committee was regarded as operating effectively throughout 2018. The evaluation did not identify any particular areas of concern. However, looking ahead the Committee will focus on ensuring the continued smooth engagement between internal audit and management and monitoring the impact of relevant regulatory developments including the application of new accounting standards.

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

Financial reporting
> considering significant financial reporting judgements;
> reviewing the Annual Report and Financial Statements and half-year results;
> considering Group tax matters;
> reviewing the going concern and the longer term viability statement;

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

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

Internal audit
> approving the internal audit's risk assessment, internal audit charter and annual audit plan;
> considering the results and findings of internal audit's work;
> reviewing the effectiveness of internal audit; and
> reviewing whistleblowing arrangements.

I provide regular reports to the Board on the activities of the Committee and how we have discharged our duties. Outside of formal Committee meetings, I engage regularly with members of finance and the risk function, as well as with external and internal audit, both in the UK and our principal overseas locations. This reinforces my understanding of the challenges facing the Group.

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

Financial reporting

The Committee has reviewed the integrity of the Consolidated Financial Statements included in the half year and year end announcements of results and the Group's Annual Report and Accounts.

Significant financial reporting judgements in 2018

We considered a number of judgements in connection with the 2018 Consolidated Financial Statements.

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

Judgement	Note	Action the Committee took	Conclusions
Presentation of exceptional acquisition, disposal and integration-related items	2(c)	> Challenged management on the rationale for exclusion of items from underlying results and ensured the subsequent presentation was appropriate. > Reviewed the Annual Report to ensure that undue prominence was not given to non-statutory measures in line with guidance from the European Securities and Markets Authority. > Sought the view of the external auditor and reviewed its procedures as set out in its report.	The Committee is satisfied that the definition and presentation of items excluded from underlying results were appropriate.
Impairment of goodwill and other intangibles	13	> Reviewed the basis on which goodwill was allocated to CGUs and discussed management's annual impairment assessment. > Considered the basis for determining the recoverable amount of each CGU. > Challenged the methodology and valuation assumptions used. > Considered whether the information provided to the Group's external valuation specialists was complete and accurate. > Reviewed the procedures performed by the external auditor, including the involvement of its own valuation specialist. > Considered whether management and the external auditor had examined potential stress outcomes, particularly in respect of sensitivities to a reasonably possible change in assumptions. > Reviewed the carrying amounts of other intangible assets and discussed management's annual review of impairment triggers.	The Committee is satisfied with the process undertaken, that an impairment charge of £65m is required in the year to the Americas and Asia Pacific CGUs and that the disclosures are appropriate.

Other items that are less significant but were discussed include: new accounting standards, appointment of the permanent CFO, synergies and the interim profit warning, compliance with the FCA's client asset rules by the Group's UK regulated entities, resourcing in Finance, the audit market and rotation, internal audit plans and the UK's withdrawal from the European Union.

Report of the Audit Committee continued

Fair, balanced and understandable
Before the 2018 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.

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 2018, to ensure the audit plan had been completed effectively, the Committee reviewed:

> the work and reports of internal audit;
> how internal audit recommendations had been implemented; and
> monitored progress against the internal audit plan during 2018.

Following the appointment of Bernadine Burnell as our Chief Internal Auditor, which I highlighted last year, we have made a number of further high-quality appointments as we move towards our ambition of having a predominantly in-house internal audit function. With the support of our co-source provider, KPMG, this insourcing process will continue in the current year so that we evolve our third line of defence alongside the development of our Risk function discussed elsewhere.

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 2018 effectiveness review of both the external auditor and the 2018 audit, the Committee considered:

> the quality of Deloitte's 2018 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 2018 external audit had been effective.

Independence and non-audit services
When considering the 2018 Annual Report, the Committee reviewed the objectivity and independence of the external auditor. We also considered the professional and regulatory guidance on auditor independence and Deloitte's policies and procedures for managing independence.

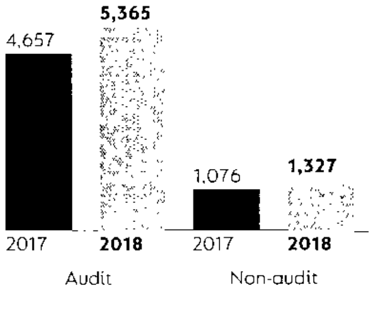
Deloitte confirmed that, with one exception (see page 113 for further information), no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group or Parent Company. Following investigation and after consideration of the facts, it was agreed between the Audit Committee and Deloitte, that the provision of these services did not impact upon Deloitte's integrity, objectivity and independence as auditor to the Group and Parent Company.

To safeguard the external auditor's independence and objectivity, the Company does not engage Deloitte for any non-audit services except where it is work that they must, or are clearly best suited to, perform. All proposed services must be pre-approved in accordance with the non-audit services policy, which is reviewed and approved annually.

The Committee reviewed the level of fees paid to the external auditor for the various non-audit services provided during 2018. During the period under review the non-audit services performed by the external auditor amounted to £1.33m, 25% compared to the £5.37m of audit fees. Non-audit services primarily relate to regulatory reporting, the interim review of the Group's half year financial statements and audits of subsidiary financial statements not mandated by law. These services are typically, or required to be, performed by the external auditor. There were no advisory or consulting services provided by the external auditor to the Group.

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

Audit and non-audit fees (£'000s)



External audit tenders

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 with a new lead audit partner, Robert Topley, appointed to the Company's audit in 2014.

In accordance with normal rotation practices, Robert Topley will be stepping down as lead audit partner following the completion of the 2018 audit and Alan Chaudhuri will be appointed the new lead audit partner for the year ending 31 December 2019.

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

The 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 2018. I submitted a letter in a personal capacity in response to the Competition and Markets Authority's proposed remedies in respect of the statutory audit market.

Risk management and internal control

The Board is responsible for:

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

The ERMF and principal risks are described in the Risk Management section of the Strategic report on pages 38 to 43.

The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against misstatement or loss.

The Audit Committee carried out an annual review of the effectiveness of the internal control and risk management systems and reported back to the Board to enable it to discharge its responsibilities. We conducted a formal review of the effectiveness of the Group's internal control systems for 2018, 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 is undertaking a complete review and enhancement of its global risk management framework. Further details can be found in the Report of the Risk Committee on pages 78 and 79.

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 reviewed arrangements by which employees may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters. In conducting the review, the Committee ensured that the policies remained in line with guidance published by the relevant statutory and regulatory regimes.

Roger Perkin
Chairman
Audit Committee
19 March 2019

Report of the Risk Committee

David Shalders
Chairman, Risk Committee

Committee members[3]	Meetings attended
Carol Sergeant[1]	5/5
Michael Heaney	5/5
Edmund Ng	5/5
David Shalders[2]	5/5
Roger Perkin	5/5

1 Carol Sergeant stepped down as Chairman of the Risk Committee on 31 December 2018.
2 David Shalders replaced Carol Sergeant as Chairman of the Risk Committee in January 2019.
3 Angela Knight became a member of the Risk Committee in January 2019.

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

Update from CRO	27%
Business risk reviews	18%
Legal and compliance update including legal and regulatory risk	13%
Challenge to business leaders including engagement and updates	13%
Risk governance	13%
Routine matters	10%
Non-executive Director only session	6%

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

Dear shareholder,

On behalf of the Board, I am pleased to present the Report of the Risk Committee explaining how the Committee has discharged its risk oversight responsibilities during 2018.

Although I was appointed as Committee Chairman in January 2019, I have been a member of the Committee since its inception in 2015 and am therefore fully apprised of its work during 2018 under Carol Sergeant's leadership. In this regard, I would like to thank Carol for her stewardship of the Committee, which was formed during her tenure, and for her commitment to the Group during a period of substantial change.

During 2018 the Committee continued to focus its oversight on the key substantive risks facing the Group, including those arising from Integration, MiFID II implementation and Brexit, as well as cyber risk and operational resilience, to ensure that the Group's risk profile remained within risk appetite.

The Committee also oversaw the ongoing project to enhance the Group's risk management framework in response to changes in the business and regulatory feedback. The framework continues to evolve with the objective of improving the Group's risk management capability and supporting the delivery of the Group's business strategy.

In conducting its risk oversight activity, the Committee has been fully cognisant of increased client and regulatory expectations given its pivotal role in the wholesale financial markets, which include an expectation that the Group meets high standards of prudential soundness and operational resilience.

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

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

Key matters considered by the Committee in 2018

Topic	Matters considered and actions taken by the Committee
Broking process	The Committee provided oversight of the key risks arising from the Group's broking and post-trade activity, including the review of key risk metrics included in the Chief Risk Officer's Report. This included a detailed review of the Group's various broking models conducted in a Risk Committee workshop which was attended by all members of the Committee and representatives from the business, including front office personnel.
Infrastructure	Received updates on key aspects of the Group's technology and other infrastructure, including presentations by the Group Chief Operating Officer and the Group Chief Information Officer. A specific review of single points of failure in light of recent operational experience. Received reports in relation to the Group's business continuity arrangements and its operational resilience. The Group is undertaking a number of actions to ensure that its business recovery capability meets defined recovery time objectives and recovery point objectives.
Cyber security and data protection	Received regular reports from the Group Chief Operating Officer and Group Chief Information Officer on the status of the Group's cyber capability. The Committee exercised oversight of the Group's continuing efforts to enhance its cyber capability in light of the ever evolving and increasingly sophisticated cyber-threat landscape. The Committee monitored the status of the Group's General Data Protection Regulation (GDPR) programme to ensure the Group was implementing any changes required to adhere to the new regime.
Human resources	The Committee monitored the Group's resourcing profile and the steps taken to address any key person dependencies. The Committee paid particular attention to the demands of the Integration Programme and the associated HR implications.
Financial risk	The Committee received reports on the Group's financial risk exposure as part of the Chief Risk Officer's Report, including its FX, interest rate, and credit risk exposure. During 2018, the Committee paid particular attention to the Group's liquidity position and the key drivers of the Group's liquidity risk profile.
Capital and liquidity adequacy	The Committee reviewed the ICAAP returns for the UK regulated entities, including the review and challenge of the stress tests undertaken to assess the Group's risk profile in stressed conditions and the associated impact on the Group's capital and liquidity adequacy. Reviewed the Group Recovery Plan to assess the adequacy of the various defined recovery actions and the calibration of Recovery Indicators to ensure that the Group has sufficient early warning of any potential deterioration in the Group's financial position.
Integration	The Committee maintained its review of the Integration Programme Specific areas of focus included the Group's projected performance against the synergy and cost-to-achieve targets and the increased operational risk arising from the migration of systems and infrastructure.
Legal and compliance	The Committee received reports at each meeting from the Group General Counsel and Head of Compliance on key legal and compliance issues. The Committee continued to oversee the Group's implementation of MiFID II and its operation of the formal trading venues operated under this regime. The Committee monitored the status of the Group's surveillance programme and the actions being taken to standardise surveillance capability throughout the Group.
Brexit	The Committee continued to monitor the status of the Group's Brexit response plan, including the contingency plans in place to address a no deal Brexit.
Risk framework	The Committee received regular updates on the project to enhance the Group's risk management framework, which is in response to changes in the business and regulatory feedback.

Report of the Risk Committee continued

Review of Committee effectiveness

The Committee conducted an internal review of its effectiveness in December 2018. This review concluded that the Committee had been broadly effective in its risk oversight activities but identified a number of areas where it could improve its effectiveness. The Committee, having reviewed and discussed these findings, has resolved to take a number of steps to implement these improvements, including:

> an increased focus on key risk issues and risk metrics with a reduction in the time spent discussing more operational matters and metrics;
> increased scrutiny of material risks in legal entities;
> increased commitment to the consideration of emerging risks and their potential impact upon the Group;
> greater use of deep-dive reviews which will allow Committee members to investigate specific risk-related topics in greater detail; and
> making more efficient use of the Committee's time.

Key priorities for 2019

The Committee will maintain its focus on all key risks faced by the Group and, as mentioned above, is planning to make increased use of deep-dive reviews into specific areas of interest or concern. Some of the reviews planned for 2019 include a deep-dive into the ongoing programme to standardise the surveillance capability across the Group, and a review of the Group's preparedness for the Senior Managers and Certification regime ('SMCR'), which will apply to the Group with effect from 9 December 2019.

The Committee will increase its oversight of conduct and culture related matters; this will include the review of a new Culture Dashboard which should provide a more structured basis for assessing the Group's progress in fostering its desired culture. The Committee will continue its periodic review of the ongoing cyber enhancement programme and is planning to allocate more committee time to the risks arising from the Group's Data & Analytics business, reflecting the increasing scale of this division.

The Committee will also increase its review of key emerging risks facing the Group, including those arising from the rapid pace of technological change and potential changes to market structure.

The Group is also undertaking a range of actions to develop and embed its risk management framework, reflecting regulatory feedback, with the objective of ensuring: that there is clear accountability for the management of all risks; that risk management is an integral part of day-to-day activity across all areas of the Group; and that risk management behaviour is appropriately reflected in employee performance management which is linked to remuneration. These actions include:

> **Risk culture:** further embedding a sound risk management culture through a range of initiatives, including: the adoption of an increased range of risk management objectives for all staff which are then assessed in the annual appraisal process; increasing the level of risk management training; and introducing an increased range of risk culture metrics to improve the Group's ability to monitor and assess its risk culture;
> **Risk appetite:** enhancing the Group's risk appetite framework to ensure the effective cascading of appetite through all areas of the business and for all material risk types;
> **Improving accountability:** ensuring that there is clear risk management accountability throughout the Group through the adoption of defined risk owners and control owners for all material risks. This work will assist the Group in its implementation of SMCR;

- **Control environment:** the adoption of uniform control standards throughout the Group to improve the Group's ability to monitor the status of the control environment and identify any potential remediation actions required. The Group is also introducing a new control attestation process to reinforce risk management accountability and provide additional assurance;
- **Reporting:** enhancing the risk reporting provided to risk governance forums to improve their ability to exercise effective oversight of the Group's risk profile relative to risk appetite, at both consolidated and individual legal entity level; and
- **Stress testing and scenario analysis:** enhancing the Group's stress test and scenario analysis programme to provide additional insights into the Group's risk profile, and the adequacy of its capital and financial resources, in both normal and stressed conditions.

David Shalders
Chairman
Risk Committee
19 March 2019

Report of the Remuneration Committee

Stephen Pull
Chairman, Remuneration Committee

Committee members	Meetings attended[1]
Stephen Pull	6/6
Lorraine Trainer[2]	3/3
Angela Knight	6/6
David Shalders[3]	5/6
Edmund Ng	6/6
Michael Heaney	6/6

1 In addition to the six scheduled meetings, two further meetings were held at short notice. All members were able to attend the additional meetings except for Edmund Ng, who was unable to attend one meeting in July due to previous commitments which could not be rearranged.
2 Lorraine Trainer was appointed as a Director of TP ICAP plc on 1 July 2018.
3 David Shalders was unable to attend the meeting in December due to a prior engagement concerning his external executive position.

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

Policy and compliance	29%
Executive Director remuneration	24%
Routine matters	17%
Governance	15%
Senior management remuneration	8%
Executive incentive schemes	7%

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

Dear shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report ('DRR') for the year to 31 December 2018. The report comprises:

> *the Chairman's statement;*
> the Annual Report on Remuneration, which explains how we applied our Policy in 2018; and
> the proposed Directors' Remuneration Policy for 2019-2021.

We will be seeking approval for an amended Directors' Remuneration Policy at the AGM to be held in May 2019. The current Directors' Remuneration Policy (the '2017-2019 Policy') was approved at the 2017 AGM, and has been applied during the year We have included full details of the proposed Directors' Remuneration Policy for 2019-2021 on pages 98 to 103 of this report.

Background
In July 2018, the Board determined that important aspects of the original plans for the integration of ICAP, acquired in December 2016, would not be met. On 10 July 2018, TP ICAP announced that the Board had reappraised its approach to the integration of ICAP, and the ongoing investment needs of the business in light of the evolving industry landscape. As a result, the Group announced it was reducing its synergy target of annualised savings from £100m to £75m

At this time we announced that John Phizackerley was leaving his position as Chief Executive and leaving employment with immediate effect, to be replaced as Chief Executive Officer ('CEO') by Nicolas Breteau We also announced that Robin Stewart who had been acting as Interim Chief Financial Officer ('CFO') since the beginning of 2018 following the departure of the former CFO, Andrew Baddeley, was to be appointed as CFO on a permanent basis

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

> developing and maintaining formal and transparent policies on remuneration for the Company's employees, the framework in which that policy is applied and its costs;
> reviewing remuneration policies to ensure compliance with corporate governance and regulatory requirements;
> ensuring implementation of 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 remuneration policy;
> ensuring Executive Director remuneration is in line with the most recent Directors' Remuneration Policy;
> determining and approving the rules of any new employee share scheme or other equity based long-term incentive programme or any new performance related pay schemes and total annual payments under such schemes; and
> reviewing and approving after consultation with the Chief Executive, the level and structure of remuneration for senior management.

Changing the long-term element of the Directors' Remuneration Policy
Following these announcements, the Remuneration Committee reviewed the Directors' Remuneration Policy and, in particular, the Transformation Long-Term Incentive Plan ('T-LTIP') which was approved by our shareholders at the AGM in May 2017.

The T-LTIP was a one-off incentive plan which covered the three-year period of the integration plan to the end of 2019 and was designed to deliver outstanding reward for exceptional performance. The T-LTIP metrics were absolute TSR measured from Q1 2017 to Q1 2020 and underlying EPS measured to December 2019. The maximum potential pay-out for the CEO was £15m equal to 25x his base salary and the maximum potential pay-out for the CFO was £9.6m equal to 22.6x his base salary.

Whilst the other aspects of the Directors' Remuneration Policy were considered to be fit for purpose and did not require amendment, the Committee concluded that the T-LTIP was not an appropriate incentive for the new Executive Directors. The T-LTIP had been specifically designed as a one-off arrangement for the previous management team and was tied to the original strategy and targets resulting from the realisation of envisaged synergies arising from the acquisition of ICAP over a three year performance period.

In the second half of 2018 the Board rebalanced our strategy to focus on developing the long-term strength and robustness of the Group and the creation of long-term value. Our strategic objectives are: to diversify our customer base and range of services, to develop our people, to build and sustain our technology offering and to enhance our operational expertise
The Committee concluded that the existing T-LTIP did not provide the ability to focus our new management team on the new strategy. In addition, as both the CEO and CFO were appointed in July 2018, with less than half of the remaining T-LTIP performance period outstanding, the base point for measurement was clearly not appropriate.

Proposed new Long-Term Incentive Plan ('LTIP')
The Committee is proposing a new Directors' Remuneration Policy to be formally effective from the date of the 2019 AGM that will include a conventional LTIP to replace the T-LTIP.

The new LTIP will allow us to make annual awards based on a multiple of base salary in line with the new business priorities and market expectations.

Our CEO, CFO and Group General Counsel will each be eligible for an annual LTIP award of 2.5x base salary. Awards will vest after three years, followed by a two year post-vesting holding period (net of any sales to settle applicable UK tax requirements), making a total period of five years between grant and release of shares. Although not directly comparable, our proposed new policy awards the CEO and CFO substantially less than the previous CEO and CFO could have received under the T-LTIP. The first grant under the new LTIP will be made in 2019, vesting in 2022. As a condition of participation in the new LTIP, the Executive Directors will be required to relinquish the T-LTIP previously awarded.

The proposed performance measures for the new LTIP awards in 2019 are 50% EPS CAGR and 50% relative TSR. The LTIP awards will be subject to stretching targets, with a minimum threshold at which a 20% pay-out is triggered and stretching maximum targets at which 100% is paid out. Malus and claw-back provisions will apply. In setting the EPS CAGR range for 2019-2021 the Committee has had to balance usual market practices with the impact of the near term investment needs of the business that have already been explained to shareholders. The Committee also took account of market expectations for TP ICAP's earnings in 2019 and 2020. At the time of writing, consensus earnings growth over the aggregate of the next two years (given limited projections out to 2021) were at or below 4%. Balancing these factors, the Committee determined to set a threshold pay-out of 3% EPS CAGR and a maximum pay-out at 10% EPS CAGR.

The Committee gave careful consideration to the appropriate performance measures for the new LTIP and we are also grateful for the comments received on this matter from our leading shareholders. The Committee believes that the proposed performance metrics are appropriate for the position in which the business finds itself with a new management team developing a long-term strategy for the Group while also addressing the outstanding issues from the integration of ICAP. To align management with these core drivers for success the Committee believes that EPS CAGR and relative TSR provide a line of sight on performance and the long-term delivery of shareholder value. EPS growth reflects that to date the acquisition of ICAP has been dilutive for shareholders. Relative TSR (to be measured against the FTSE 250 constituents excluding real estate and investment companies) has been chosen because of the lack of a clear comparator group.

Looking forward, as the Company's strategy evolves, the Committee will review whether the EPS growth and relative TSR metrics continue to be suitable measures to reflect the Group's business strategy and incentivise long-term value creation.

The Committee also gave careful consideration to the quantum of the annual LTIP and concluded that 2.5x base salary is the appropriate level taking into account the need to ensure management continuity and stability in the business, the stretching levels of performance required, and the market sector in which TP ICAP operates

Report of the Remuneration Committee continued

LTIP awards will also be subject to a risk and overall performance underpin. The Committee will assess the wider performance of the Group and consider compliance with the risk appetite, risk controls and regulatory requirements. The Committee will be able to make downward adjustments to vesting levels (including to zero in exceptional circumstances) to take account of the extent to which the underpin has been met. The Committee will also consider the regulatory capital requirements of the Group with respect to the expiry, in 2026, of the waiver from the consolidated capital adequacy requirements under CRD IV.

It is essential to introduce a new LTIP scheme for our newly appointed Executive Directors. Without this, they would participate in a long-term incentive scheme which had been developed to reflect a different business strategy and priorities, for a different Executive Director team, and with a different set of corporate objectives. It is critical that our new Executive Director team are properly incentivised to deliver our revised strategy. Despite the setbacks this year, the Board believes that the investment case and potential for TP ICAP remains compelling.

Post-Employment Holding Period
The proposed Directors' Remuneration Policy includes the addition of a Post-Employment Holding Period for Executive Directors. Under the new Policy, an Executive Director will be expected to retain shares at a level equal to the lesser of 2x base salary or the actual shareholding on departure in year one and the lesser of 1x base salary or the actual shareholding on departure in year two following cessation of employment. Full details of how the Post-Employment Holding Period will operate will be detailed in the TP ICAP Executive Directors Post-Employment Shareholding Requirement Policy.

Fixed remuneration
Chief Executive Officer
On appointment, Nicolas Breteau's salary was set at £650,000. His salary will not be reviewed until 2020. Mr. Breteau has access to the same benefits as are applicable to all other UK employees with a total benefit package on an annual basis of approximately £9,000. This total fixed remuneration package of £659,000 is below the median total fixed pay for a Chief Executive Officer in the top half of the FTSE 250 recognising the pension differential which exists in many other businesses between executives and staff.

Chief Financial Officer
On appointment, Robin Stewart's salary was set at £425,000. This is the same salary as his predecessor. His salary will also not be reviewed until 2020. Mr. Stewart has access to the same benefits as all other UK employees with a total benefit package of approximately £9,000 giving a total fixed pay of approximately £434,000 on an annual basis.

Group General Counsel
On appointment, Philip Price's salary was set at £425,000. His salary will also not be reviewed until 2020. Mr. Price has access to the same benefits as all other UK employees with a total benefit package of approximately £2,000 giving a total fixed pay of approximately £427,000 on an annual basis.

Annual discretionary bonus
We propose to maintain a conventional, capped annual bonus arrangement for the CEO, CFO and Group General Counsel ('GGC'). The CEO's maximum bonus opportunity will be 2.5x base salary, which is comparable with similar roles in other financial services companies. The CFO's and GGC's maximum bonus opportunity will be 2x base salary. Pay-out under the annual bonus will depend on their achieving demanding financial and strategic performance targets aligned to our three-year integration plan, as well as adhering to our KPIs for conduct and risk appetite.

For on-target performance, the plan would pay 50% of the maximum bonus opportunity. The existing plan pays 60% of the maximum bonus opportunity for on-target performance.

50% of the actual bonus awarded each year will be deferred into shares, which will vest three years from the date of grant. Robust malus and claw-back provisions will also apply.

Performance and reward outcomes for 2018
The current Directors' Remuneration Policy has been applied for the newly appointed Executive Directors on a pro-rata basis for the period in role in 2018. No changes were made to the Financial Performance Targets which were set prior to the trading update issued in July 2018. Strategic Performance Targets were set for each Executive Director shortly after appointment.

The Chief Executive received a bonus award of 56.6% of the maximum bonus potential, the CFO 55.6% of the maximum bonus potential and the General Counsel 54.6% pro-rata for the time in the Executive Director role. In each case, 50% of the gross bonus applicable as an Executive Director is awarded in shares with a three-year deferral period.

Departing Chief Executive – John Phizackerley
As announced on 10 July 2018, John Phizackerley left his position as Chief Executive and member of the Board with immediate effect. He was not awarded a bonus for 2018. In addition, he does not retain any interest in the Transformation LTIP, the 2017 Deferred Bonus plan award or the 2016 Long-Term Incentive Scheme. Full details of the payments made to John Phizackerley are set out on page 93.

Looking Ahead to 2019
Nicolas Breteau, Robin Stewart and Philip Price will not receive any increase in salary during 2019 and will normally only be considered for any future salary increase in line with the average percentage increase enjoyed by the broader workforce. The annual bonus will continue to be assessed taking into account performance on a scorecard of annual financial and strategic targets, incorporating conduct, behaviour and risk assessment.

Summary of Changes

Element	Current Policy	Revised Policy
Base Salary	CEO: £650,000 CFO/GGC: £425,000	No increase at the 2019 annual review date. Future increases normally capped at the same percentage level as the Group's wider UK employee population.
Benefits	Standard benefits available to all UK employees	No change. Note that our pension policy for Executive Directors is already aligned with the wider workforce in the UK.
Bonus	CEO max bonus potential = 2.5x base salary CFO/GGC max bonus potential = 2x base salary On-target performance = 60% of max	On-target performance reduced to 50%.
Deferral	50% of Annual Bonus 3-year vesting	No change.
Minimum Shareholding	CEO = 300% base salary CFO/GGC = 200% base salary	No change.
Malus and Clawback	Normal provisions to apply	Extended provisions.
LTIP	One-off, three-year Transformation LTIP to cover integration period, with a maximum pool of £60m. 25% interest for CEO and 16% interest for CFO. 59% available to incentivise GEC. Two performance measures – absolute TSR (75%) and EPS (25%). Holding period post vesting of up to three years. Threshold of 25% of max	Annual awards of conventional LTIP. Maximum of 2.5x base salary for all EDs. Two Financial Measures in 2019, comprising 50% EPS CAGR and 50% relative TSR. Below threshold performance = 0% of max. Threshold = 20% of max. Stretch performance= 100% of max. Three-year vest and two-year post-vesting holding period to apply. Malus and clawback will apply. Risk underpin – quality of wider performance and adherence to risk appetite, risk controls and regulatory requirements.
Post-Employment Holding Period		Shares to be held at a level equal to the lesser of 2x base salary or the actual shareholding on departure in year one and at a level equal to the lesser of 1x base salary or the actual shareholding on departure in year two following cessation of employment.

There are no changes to the maximum bonus opportunities of 2.5x base salary for the CEO and 2x base salary, for the CFO and GGC. 50% of the actual bonus awarded will be deferred into shares vesting after three years.

We will continue the roll out of the Workforce Representation and Engagement Programme across all the regions in order for the Board to get first hand insight into the culture and values of the Group.
With the evolving responsibilities for the Remuneration Committee through changes to the UK Corporate Governance Code, we have already made in-roads into assessing reward for the Group Executive Committee in the context of not only financial performance but also personal accountability for behaviour, risk and conduct for themselves and the groups they manage. During 2019, the Committee will continue to work closely with the Executive Directors to reward and incentivise the broader management team with reference to the achievement of financial targets, strategic performance targets and other key metrics developed for the Cultural Dashboard.

Non-Executive Director ('NED') fees have been reviewed for 2019 taking into account the increased responsibilities and time commitment given the current regulatory environment. The NED base fee and committee participation fees will remain unchanged for 2019. However the fees for chairing the Audit, Risk and Remuneration Committees have each been increased to £22,500 per annum and the Senior Independent Director fee has also been increased to £12,500 per annum effective 1 January 2019. In addition, following the launch of our Workforce Representation and Engagement Programme, each NED appointed as the regional Engagement NED to participate in the Engagement Programme will receive a fee of £10,000 per annum. Reflecting the increased time commitment for the role, the new Chairman of the Board will receive a fee of £300,000 per annum effective from date of appointment. This will not be reviewed for three years.

Report of the Remuneration Committee continued

Key Remuneration Committee activities

The Committee's key activities during 2018 included the following:

> reported the Gender Pay Gap data for Tullett Prebon Group Limited and ICAP Management Services Limited, the two employing entities of the Group in the UK, in line with the UK regulations;
> established the 2018 Deferred Bonus Plan for Senior Management;
> determined the financial metrics used to assess 70% of the Executive Directors' 2018 Bonus;
> determined termination arrangements for the outgoing CEO;
> determined the appropriate remuneration packages for the three newly appointed Executive Directors;
> agreed and set specific 2018 Strategic Performance Objectives for each of the newly appointed Executive Directors in order to assess 30% of their 2018 Bonus for the period from appointment to 31 December 2018; and
> developed the proposed Executive Directors' Remuneration Policy 2019-2021.

The Committee continues to monitor developments in executive remuneration market practice and governance to ensure policy and practice take account of best practice and investor expectations. Over the coming year, the Board and the Committee will consider the impact on the Group of the changes to the UK Corporate Governance Code, changes to shareholder guidelines and amendments to the Directors' Remuneration Report regulations. The Group has already adopted a number of the remuneration features in the new UK Corporate Governance Code.

> Pension allowances for Executive Directors (both current and any new appointments) are already aligned with the wider UK workforce.
> A two-year post-vesting holding period applies under the LTIP, providing a five-year period between grant and earliest sale of shares.
> Malus and claw-back rules have been extended for variable pay awards.
> Post-employment shareholding requirements apply for two years post cessation.

Committee effectiveness

As part of the wider effectiveness evaluation of the Board and its committees, a review of the effectiveness of the Remuneration Committee was conducted at the end of 2018 and discussed by the Committee in January 2019 Although there were no significant areas of concern, the Committee recognised the need to ensure there is appropriate resource in place to support the Committee, and agreed to include future actions in its forward agenda for 2019 to consider:

> variable pay performance measures that do not encourage behaviour overly focused on the short term;
> how compensation might be used to drive the diversity and inclusion agenda; and
> the alignment of senior management remuneration with that of the Executive Directors.

Conclusions

The Committee has taken steps to consult closely with our shareholders in order to develop the new Director's Remuneration Policy and we are grateful for the feedback received during the period of consultation. As a consequence of this engagement, we made a number of changes which have been reflected in our proposed Remuneration Policy.

I hope you will support our Directors' Remuneration Policy and Directors' Remuneration Report for 2018 at the AGM. After seven and a half years as a Director, I will retire from the Board at our AGM in May 2019. I will be succeeded as Chairman of the Remuneration Committee by Lorraine Trainer who joined the Board in July 2018.

Stephen Pull
Chairman
Remuneration Committee
19 March 2019

Governance

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

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

Definitions used in this report

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

'Senior Management' means those members of the Company's Group Executive Committee (other than the Executive Directors) and the first level of management below that level including the direct reports to the Chief Information Officer and the Global Head of Operations.

'Broker' means front office revenue generators; 'Control Functions' means those employees engaged in functions such as Compliance, Legal, HR, Finance, Operations and Risk Control; 'Remuneration Code' means the Remuneration Code of the FCA; and '2013 Regulations' means the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

Annual Report on Remuneration (audited)

The Annual Statement made by the Remuneration Committee Chairman on pages 80 to 84 and this Annual Report on Remuneration are subject to a shareholders' advisory vote at the forthcoming AGM. Information in this report on pages 85 to 107 is audited except where stated.

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

The single total remuneration for each of the Directors who held office during the year ended 31 December 2018 was as follows:

	Salaries and fees		Benefits[14]		Bonus		LTIS		Pension		Total	
	2018 £000	2017 £000	**2018 £000**	2017 £000	**2018[11] £000**	2017[11] £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Executive Directors												
Nicolas Breteau[1]	**312**		**1**		**442**				**2**		**757**	
Robin Stewart[2]	**204**		**1**		**227**				**3**		**435**	
Philip Price[3]	**140**		**1**		**152**						**293**	
John Phizackerley[4]	**324**	600	**1**	1	**–**	660[15]		405[12]	**–**	–	**325**	1,666
Andrew Baddeley[5]		354		1	**–**	559	**73[13]**	–	**–**	–	**73**	914
Non-executive Directors												
Rupert Robson[6]	**250**	208		–	**–**	–		–	**–**	–	**250**	208
Angela Knight	**90**	69		–	**–**	–		–	**–**	–	**90**	69
Roger Perkin	**90**	73		–	**–**	–		–	**–**	–	**90**	73
Stephen Pull[7]	**80**	72		–	**–**	–		–	**–**	–	**80**	72
David Shalders	**80**	63		–	**–**	–		–	**–**	–	**80**	63
Carol Sergeant[8]	**90**	73		–	**–**	–		–	**–**	–	**90**	73
Michael Heaney[9]	**121**			–	**–**				**–**		**121**	
Edmund Ng	**125**	21		–	**–**	–		–	**–**	–	**125**	21
Lorraine Trainer[10]	**40**			–	**–**				**–**		**40**	
	1,946	1,533	**4**	2	**821**	1,219	**73**	405	**5**	–	**2,849**	3,159

1 Appointed 10 July 2018
2 Appointed 10 July 2018.
3 Appointed 3 September 2018.
4 Stepped down from the Board on 9 July 2018.
5 Stepped down from the Board on 3 November 2017.
6 In addition he received £5,000 as a pension trustee in 2017.
7 In addition he received £5,000 as a pension trustee in 2017.
8 Retired from the Board 31 December 2018
9 Appointed 15 January 2018
10 Appointed 1 July 2018
11 Bonus awards are pro-rata for the period in the Executive Director role in 2018. 50% of the bonus is subject to deferral in ordinary shares as detailed in the 2017 Directors' Remuneration Policy.
12 Based on TSR and Cash Flow performance to 31 December 2017 for the 2015 LTIS award. Performance against the RoE metric was assessed in Q2 2018 and the adjusted figure is reported here
13 Based on a pro-rata interest assessed as a good leaver.
14 Benefits include health and risk benefits private medical insurance, group life assurance and group income protection.
15 Bonus has been restated to reflect deferred bonus forfeiture

Report of the Remuneration Committee continued

Fixed remuneration (audited)

For 2019, the Executive Directors' base salaries have remained unchanged from the base salary awarded at date of appointment to the Board.

Executive	Date of Appointment	Base salary effective from date of appointment in 2018	Base salary effective from 1 January 2019
Nicolas Breteau	10 July 2018	£650,000	£650,000
Robin Stewart	10 July 2018	£425,000	£425,000
Philip Price	3 September 2018	£425,000	£425,000

2018 annual bonus (audited)

For 2018, 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 on a pro-rata basis reflecting time in an Executive Director role in 2018. Details of the 2018 financial measures and weightings, the targets set and performance against these targets are provided in the table below:

Financial performance measure	Weighting	Threshold performance target (25% of maximum)	Target performance target (60% of maximum)	Maximum performance target (100% of maximum)	Actual performance achieved	Weighted payout (% of maximum total bonus)
Underlying Operating Profit	50%	£260m	£290m	£320m	£276m	21.8%
Return on Equity	20%	10%	11.3%	12.5%	10.4%	8.8%
Total for financial metrics						**30.6%**

Details of the 2018 strategic objectives for each Executive Director, along with the corresponding performance assessment, are set out in the following tables:

Nicolas Breteau

CEO Strategic Objectives (unaudited)	Weighting[1]	Score	Assessment of performance
Oversee the second half of year two of the integration of the TP ICAP business with a specific focus on achieving strategic objectives and the delivery of the re-based synergy targets. Re-setting and re-planning activity needed to meet operational policy	4%	4%	This objective has been delivered in full. The results reflect the achievement of the re-based synergy targets.
Advocate the development of a strategic technology plan with a focus on execution and targeted investment in Global Broking, Energy & Commodities and Data & Analytics.	3%	2%	Targeted investment has been achieved as planned. The development of the strategic technology plan continues to evolve - good progress made in the later stages of 2018
Restructure the GEC and overall governance model for TP ICAP including making appropriate senior leadership changes to drive the business forward and fostering the partnership between control function and business leads.	3%	3%	Fully achieved. Actions were taken to establish a new Group Executive Committee to be in place for the beginning of 2019.
Drive the optimisation of the Belfast centre and look to expand the operation to encompass other control areas.	2%	1%	A work in progress – more functions have progressed plans to establish a presence in Belfast during 2019.
Develop and maintain constructive and positive relationships and dialogue with regulatory bodies.	2%	2%	Good progress
Refine the Brexit strategy for TP ICAP and take the necessary steps to be ready for March 2019.	3%	3%	A clear plan exists but will continue to evolve as Government determines Brexit terms.
Maximise the growth potential within Data & Analytics through targeted investment in people.	3%	2%	Good progress with better than expected results for the second half of 2019.
Drive and continue to embed the right culture for TP ICAP with a focus on improving overall employee morale and engagement.	3%	2%	Good progress being made through a number of CEO led initiatives.
Remuneration Committee Discretion.	7%	7%	An excellent start. Appointed at short notice to stabilise the Group whilst swiftly making a number of adjustments to people, structure and resource allocation – all achieved.
Total for strategic metrics	**30%**	**26%**	

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

Report of the Remuneration Committee continued

Robin Stewart

CFO Strategic Objectives (unaudited)	Weighting[1]	Score	Assessment of performance
Achieve re-financing of the Group's Revolving Credit Facility.	2%	2%	Refinancing achieved – above the initial target level at a reduced rate.
Lead Finance team globally delivering the Finance team's 2018 integration plan and realising Finance's synergies planned for 2018. Focus on team building both within the Finance function and cross-divisions.	5%	3%	Undertook the initial re-organisation of key leadership roles within the Finance structure and continued to drive the strategic initiatives within the Finance function. More work to be done in 2019.
Guide the 2018 consensus – Engage with analysts to ensure an orderly approach to understanding the TP ICAP results for half and full year. Demonstrate clear ownership and understanding of the detailed financials for the Group.	4%	4%	Strong performance in delivering the financials for the Group.
Drive the simplification of the Group's legal entity structure to optimise the regulatory capital resources.	4%	2%	Some further progress made.
Develop relationships with key investors and analysts to ensure TP ICAP's strategy over the short, mid and longer term is clearly articulated.	4%	4%	Strong demonstrated performance Very credible and knowledgeable.
Strengthen the Group's cost management and expense control framework.	3%	3%	Improved control of the variable cost base and developed in-depth analysis to inform the Board.
Drive and continue to embed the right culture for TP ICAP with a focus on improving overall employee morale and engagement	3%	2%	Leads by example and now has the platform to drive increased employee engagement in 2019.
Remuneration Committee Discretion.	5%	5%	Very strong start in role. Has delivered at an excellent level during a challenging period.
Total for strategic metrics	**30%**	**25%**	

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

Philip Price

GGC Strategic Objectives (unaudited)	Weighting[1]	Score	Assessment of performance
Review existing Group-wide governance arrangements and prepare variations and amendments to establish a new governance framework.	3%	2%	Good progress made in undertaking initial assessment and proposing new governance structure to be embedded in 2019 including a new Group Executive Committee, Group Risk, Conduct & Culture Committee, and other management committees
Review and assess existing headcount across the Group Control Functions with a view to upskilling where appropriate to drive an optimal control model.	2%	1%	Strong performance in assessing and promoting appropriate actions to upskill Control Functions with a specific focus on Compliance and Risk.
Develop and maintain constructive and positive relationships and dialogue with regulatory bodies.	3%	3%	Regular and effective communication with regulatory bodies especially with respect to building a trusted relationship with the FCA.
Ensure our regulatory mitigation programmes are appropriately addressed.	5%	4%	Key oversight on the development of the Target Operating Model, maturity assessment, implementation & execution plans.
Provision of appropriate, risk-based and proportionate advice to the Board on legal and regulatory requirements.	5%	5%	Trusted advisor to the Board.
Champion the investment in training for all employees including GDPR, regulatory topics, conduct and cyber security.	2%	1%	Progressed the training agenda across all locations but further work to be done.
Drive and influence senior management to embed the right culture for TP ICAP with a focus on developing and delivering a plan to increase employee morale and engagement over the medium to long-term.	3%	2%	Senior advocate on good conduct and culture. Keen focus on holding leadership accountable for their own and their team's behaviour and conduct.
Influence, challenge and contribute to Strategic Project Initiatives: Brexit, Cyber, Technology Investment, and Belfast.	2%	1%	Key contributor across all the strategic initiatives.
Remuneration Committee Discretion.	5%	5%	Demonstrated skilled leadership throughout a period of significant challenges for the Company and the management team
Total for strategic metrics	**30%**	**24%**	

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

Total annual bonus outcome for 2018 performance

The total bonus for each Executive Director for the period from date of appointment to 31 December 2018 is therefore as follows (audited):

Measure	Weighting	CEO bonus (% Max bonus)	CFO bonus (% Max bonus)	GGC bonus (% Max bonus)
Underlying Operating Profit	50%	21.8%	21.8%	21.8%
Return on Equity	20%	8.8%	8.8%	8.8%
Strategic Performance	30%	26.0%	25.0%	24.0%
Total bonus:	**100%**	**56.6%**	**55.6%**	**54.6%**
Period of pro-ration:		**10 July to 31 December *2018***	**10 July to 31 December *2018***	**3 September to 31 December *2018***

Maximum Bonus Opportunity is pro-rated for time in role.

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

Update on the Vesting of 2015 LTIS awards (audited)

The former Chief Executive, John Phizackerley, was awarded a 2015 LTIS with a face value of £654,545 and a normal vesting date of 30 June 2018 measuring performance from 2015 to 2017. As disclosed in the 2017 Directors' Remuneration Report, the Relative TSR and cash flow measures partially vested (100% and 46% respectively). The cash flow performance period ending 31 December 2017 was retested to reflect a change in the 2017 statutory cash flow which has increased the average cash flows. The Return on Equity (RoE) element was measured in June 2018 following the release of competitor accounts. RoE did not achieve the required minimum level Due to the change in cash flow, there was a small change to the value vested under the 2015 LTIS from the amount reported in the 2017 Annual Report The table below reflects the final 2015 LTIS. The portion of the 2015 LTIS for which the level of vesting was determined is shown in the Remuneration table on page 85.

The vesting conditions and performance against targets are shown below:

Performance measure	Weighting	*Threshold* performance *target* (25% vesting)	*Stretch* performance *target* (100% vesting)	Actual performance	*Vesting* (% of max)
Relative TSR[1]	50%	Median	Upper quartile	22nd out of 183 companies	100%
Average cash flow[2]	25%	£40m	£150m	£71m	47.5%
Return on Equity[3]	25%	*Equal to IDB* competitors' average	*3 x IDB* competitors' average	*Average RoE is lower* than the average competitor group RoE	–
Total	**100%**				**61.875%**

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

The performance against the TSR and Cash Flow targets resulted in a payment of £404,999 72 to the former Chief Executive which was made prior to his termination date. The RoE calculations, based on closing equity, were finalised in June 2018. As the average TP ICAP RoE was *lower than the average competitor group RoE there was nil payment for the RoE element of the 2015 awards.*

Vesting of 2016 *LTIS* awards (audited)

Long-term incentive scheme ('LTIS') (audited)

The former CFO, Andrew Baddeley, was granted an Award under the LTIS on 18 May 2016 with a maximum cash value of £245,455. The Remuneration Committee determined, having been defined as a good leaver pursuant to the rules of the LTIS, that the Award would vest once performance had been assessed following the Termination Date, subject to the applicable performance conditions measured to the date his employment terminated and reduction for time pro-rata from the date of Award to the date his employment terminated. Details of the performance outcome and vesting are shown in the table below.

			Performance against vesting conditions				
LTIS	*Award Value*	*Award Date*	Relative TSR *(50%)*	Average cash flow (25%)	Return on Equity (25%)	Amount vested *total*	Amount vested *pro-rated*
2016	£245,455	18 May 2016	100%	29.10%	0%	£141,805	£73,768.95

The RoE calculations, based on closing equity, were finalised in June 2018. As the average TP ICAP RoE was lower than the average competitor group RoE there was nil payment for this element of the 2016 awards. The cash flow performance period ended 31 December 2017 was re-tested to reflect a change in the 2017 statutory cash flow which increased the average cash flows. For Mr. Baddeley, this increased his cash flow based payment by £638.42 from the estimated amount notified to the Remuneration Committee in March 2018. Payment was made to Mr. Baddeley in the amount of £73,768.95.

Transformation LTIP Units awarded in 2017 (audited)

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

The maximum available pool is £60 million. The former CEO received a 25% interest and the former CFO a 16% interest. Following Mr. Phizackerley's departure in July 2018, the Remuneration Committee confirmed that they would not exercise discretion to treat Mr. Phizackerley as a good leaver and he would therefore forfeit participation in the T-LTIP.

Executive Director	Nature of award	Number of units awarded	Threshold value (25% vesting)	Target value (50% vesting)	Maximum value (capped value at vesting)	Units Forfeited	Maximum Remaining Units	End of performance period
John Phizackerley[1]	Units	25,000	£3.75 million	£7.5 million	£15 million	100%	0	31 December 2019
Andrew Baddeley[2]	Units	16,000	£2.4 million	£4.8 million	£9.6 million	83%	2,720	31 December 2019[3]

1 Mr. Phizackerley forfeited participation in the T-LTIP following his departure from the Company in July 2018
2 Under the terms of his termination agreement, Andrew Baddeley will receive a time-reduced amount of 17% of his award (680 units at threshold, 1,360 units at target, and 2,720 units at maximum), subject to achievement of the performance conditions as detailed in the Rules of the Transformation LTIP.
3 End TSR is based on the average during the first quarter of 2020

The performance conditions for the T-LTIP awards are as follows:

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

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

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

> one third of shares must be held for one year from the date the shares are granted
> one third of shares must be held for two years from the date the shares are granted
> one third of shares must be held for three years from the date the shares are granted

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

Report of the Remuneration Committee continued

The current Executive Directors were awarded units under the T-LTIP prior to their appointment to the Executive Director roles which are noted in the table below. These awards will be relinquished following the 2019 grant under the new LTIP.

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

Shareholding requirements (unaudited)

Executive Directors must build a holding in minimum value of the Company's ordinary shares equivalent to 300% of base salary in respect of the Chief Executive and 200% of base salary for all other Executive Directors. The normal expectation is that this is built up over a maximum five-year period from appointment to the Board.

All Executive Directors who served during the year complied with the Company's requirements in respect of their interests in the shares of the Company.

Directors' interests (audited)

The interests (all beneficial) as at 31 December 2018 in the ordinary share capital of the Company were as follows.

Director	Unvested shares[2]	Shares[1]
Rupert Robson		59,034
Nicolas Breteau	101,202	15,000
Robin Stewart	30,731	12,063
Philip Price	76,789	10,000
John Phizackerley[3]		487,855
Angela Knight		2,150
Roger Perkin		5,000
Stephen Pull		30,000
David Shalders		14,016
Carol Sergeant[4]		14,211
Edmund Ng		20,000
Lorraine Trainer		10,000
Michael Heaney		40,000

1 There have been no changes to the holdings between 31 December 2018 and 19 March 2019
2 Shares awarded under the Deferred Bonus Plan for 2015, 2016 and 2017 as appropriate Share vesting is governed by the rules of the Plan All awards were made prior to becoming Executive Directors.
3 Holding as at 10 July 2018
4 Holding as at 31 December 2018.

Leaving arrangements for John Phizackerley (audited)
As announced on 10 July 2018, John Phizackerley left his position as a Director of the Company with immediate effect All payments were made in line with the Company's Directors' Remuneration Policy and with Mr. Phizackerley's service agreement, which included a six month notice period. All outstanding incentives lapsed and no incentive payments were made following departure The leaving arrangements included the following:

> The sum of £310,000 in lieu of base salary, and £11,245 in lieu of the contractual benefits he would have received during the six-month contractual notice period Payment in lieu of the salary was made in six equal instalments starting on 9 August 2018, with the final payment made on 7 January 2019. Payment in lieu of benefits was made with the first instalment of salary on 9 August 2018. All payments were made subject to deductions for income tax and national insurance contributions.
> There was no eligibility for annual bonus in respect of 2018
> The sum of £90,000 by way of compensation for loss of employment and to mitigate any claims was paid on 3 September 2018.
> 161,191 shares that had been granted on 20 June 2018 under the Executive Director Bonus Plan in respect of 2017 were forfeited pursuant to the terms of the Executive Director Bonus Plan.
> An Award under the LTIS on 18 May 2016 with a maximum cash value of £654,545 lapsed pursuant to the rules of the LTIS upon termination of employment.
> Mr Phizackerley was a participant in the Transformation LTIP, which was approved by shareholders at the 2017 AGM, and which has a performance period covering the financial years 2017, 2018 and 2019. Awards under the Plan are due to vest in 2020. The Remuneration Committee has determined, in accordance with the Transformation LTIP Plan Rules, that, Mr. Phizackerley will retain zero units in the T-LTIP.
> The Company contributed up to a maximum of £30,000 plus VAT towards the cost of outplacement assistance for Mr. Phizackerley.

Leaving arrangements for Andrew Baddeley (audited)
As announced on 3 November 2017, Andrew Baddeley stood down as a Director of the Company with effect from 3 November 2017. All payments made during 2017 in accordance with the Company's Directors' Remuneration Policy were reported in the 2017 Annual Report. One payment was made to Mr. Baddeley during 2018 as noted below.

Long term incentive scheme ('LTIS') (audited)
Andrew Baddeley was granted an Award under the LTIS on 18 May 2016 with a maximum cash value of £245,455. Details of the assessment of performance are reported on page 90. Mr. Baddeley received a payment of £73,768.95 in July 2018.

Advice provided to the Remuneration Committee (unaudited)
During 2018, AON, together with Willis Towers Watson and PricewaterhouseCoopers provided external remuneration advice to the Remuneration Committee. They advised on aspects of our Remuneration Policy and practice.

Fees payable for advice provided in 2018 net of VAT were:

> AON (£68,369)
> Willis Towers Watson (£92,659)
> PricewaterhouseCoopers (£28,700)

The Committee is satisfied that these fees are appropriate for the work undertaken.

AON provided advice to the Remuneration Committee as the sole advisor during the early part of 2018 and has continued to provide ad hoc advice throughout 2018. In addition, AON provided advice to the Company on pension and benefit matters.

Willis Towers Watson was appointed to provide advice to the Remuneration Committee during the period April to August 2018.

PricewaterhouseCoopers was appointed in November 2018 to provide advice to the Remuneration Committee on the development of the new Directors' Remuneration Policy. In addition, PricewaterhouseCoopers provided tax advice to the Company.

AON, Willis Towers Watson and PricewaterhouseCoopers are all signatories to the Remuneration Consultants Group Code of Conduct which requires these companies to provide objective and impartial advice The Remuneration Committee has satisfied itself that the advice provided is independent and objective.

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

Report of the Remuneration Committee continued

Outside directorships (unaudited)
John Phizackerley did not have any outside directorships from which he received any remuneration during 2018 through to his termination date.

Nicolas Breteau did not have any outside directorships from which he received any remuneration during 2018.

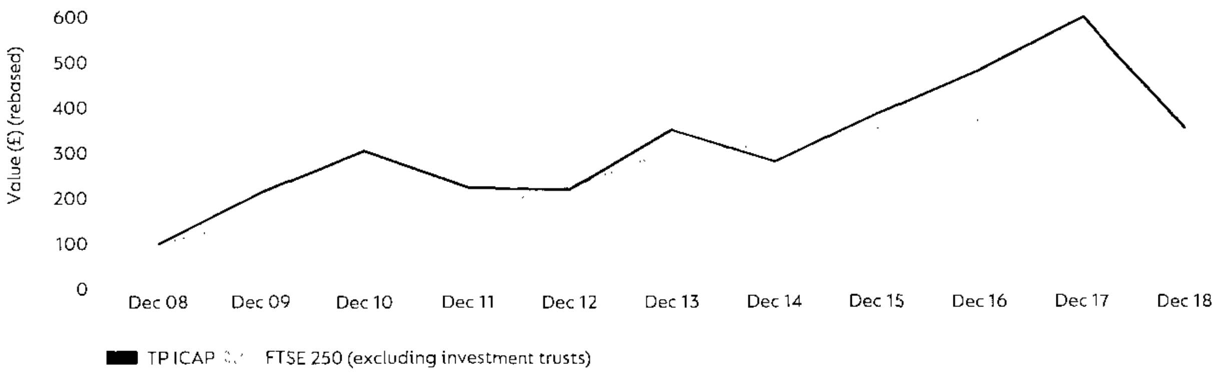
Robin Stewart did not have any outside directorships from which he received any remuneration during 2018.

Philip Price did not have any outside directorships from which he received any remuneration during 2018.

Performance graph (unaudited)
A graph depicting the Company's TSR in comparison to other companies in the FTSE 250 index (excluding investment trusts) in the ten years to 31 December 2018 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: FactSet

This graph shows the value, by 31 December 2018, of £100 invested in TP ICAP on 31 December 2008, compared with the value of £100 invested in the FTSE 250 (excluding investment trusts) index on the same date.

Chief Executive Remuneration History (unaudited)

Year ended	Name	Total Remuneration £000	Annual bonus % of max payout	LTI % of max vesting
31 December 2018	Nicolas Breteau[1]	757	56.6%	0%
	John Phizackerley[2]	325	0%	0%
31 December 2017	John Phizackerley	1,666[6]	88%	62%[6]
31 December 2016	John Phizackerley	3,381	94%	74%
31 December 2015	John Phizackerley	2,250	80%	N/A
31 December 2014	John Phizackerley[3]	720	N/A	N/A
	Terry Smith[4]	433	N/A	–
31 December 2013	Terry Smith	2,856	51%	–
31 December 2012	Terry Smith[5]	3,153	N/A	–
31 December 2011	Terry Smith[5]	4,929	N/A	45%
31 December 2010	Terry Smith[5]	4,344	N/A	–
31 December 2009	Terry Smith[5]	4,652	N/A	–

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

Change in Chief Executive Remuneration (unaudited)

	% change Salary	% change Benefits	% change in annualised bonus payment
Chief Executive Officer[1]	6%	300%	(67%)
Senior Management[2]	4%	N/A	2%

1 This table shows the change of the CEO's fixed and variable remuneration compared on a like for like basis to Senior Management employed throughout 2017 and 2018. The percentage changes take into account the sum of the salary, benefits (including pension) and bonus received by both the former and current CEO's for 2018
2 A large portion of the Group's remuneration is payable to Brokers, who earn a significant portion of their income as contractual bonus based on a formula linked to revenue. The Remuneration Committee considered that comparison of the CEO's remuneration with that of Senior Management would accordingly be more meaningful than comparison with all employees
3 Year on year benefit change is high as the current CEO participates in the defined contribution Company pension scheme and the former CEO did not participate

Report of the Remuneration Committee continued

Relative importance of spend on remuneration (unaudited)

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

£m	2018	2017	% change
Employee remuneration[1]	**1,120**	1,134	(1)
Shareholder dividends paid[2]	**94**	58	62

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

Voting at the 2018 AGM (unaudited)

At the AGM held on 10 May 2018 the following votes were cast in respect of the Report on Directors' Remuneration:

	For[1,2]		Against[1]		Votes withheld[1]
	Number	%	Number	%	Number
Approval of the Directors' Remuneration Report	444,584,305	89.23	53,671,949	10.77	5,153,831

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.

2019 AGM (unaudited)

Copies of the Executive Directors' employment contracts and the Non-executive Directors' letters of appointment are available for inspection at the registered office of the Company during normal business hours and will be available for shareholders to view at the 2019 AGM.

Implementation of Remuneration Policy in 2019 (unaudited)

Executive Directors

None of the Executive Directors received a salary increase at the review date of 1 January 2019, whilst the average salary increase planned for the broader workforce is 3% for 2019.

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 2019, be 70% financial targets and 30% strategic targets. Details of targets will be disclosed retrospectively in the next Directors' Remuneration Report. 50% of the total bonus awarded will be deferred into shares vesting after three years

LTIP Awards will be granted as soon as practicable after approval has been received for the Directors' Remuneration Policy and the LTIP. The following performance targets will apply:

EPS – 50%

EPS growth (CAGR)	Vesting (% of max)
Less than 3% p.a.	0%
3% p.a.	20%
10%+ p.a.	100%

Relative TSR – 50%

TSR performance versus comparator group	Vesting (% of max)
Below median	0%
Median	20%
Upper quartile or above	100%

A threshold vesting level of 20% occurs where TP ICAP's TSR equals the TSR of the median company at the end of the performance period. The maximum vesting occurs where TP ICAP's TSR exceeds the TSR of the comparator company at the upper quartile.

Non-executive Directors' fees (audited)

Non-executive Director ('NED') fees have been reviewed for 2019, taking into account the increased responsibilities and time commitment given the current regulatory environment. The NED base fee and Committee participation fees will remain unchanged for 2019 The fees for chairing the Audit, Risk and Remuneration Committees have each been increased to £22,500 per annum and the Senior Independent Director fee has also been increased to £12,500 per annum In addition, following the launch of our Workforce Representation and Engagement Programme, each NED appointed as the regional Engagement NED will receive a fee of £10,000 per annum. The NED fees for 2019 are as follows

£m	Fees from 1 January 2019	Fees from 1 November 2017
Chairman	**£250,000**[1]	£250,000
Base fee	**£60,000**	£60,000
Senior Independent Director	**£12,500**	£10,000
Chairman of the Audit, Risk and Remuneration Committees	**£22,500**	£20,000
Membership of the Audit, Risk and Remuneration Committees	**£10,000**	£10,000
Overseas-based NED supplement	**£45,000**	£45,000
Regional Engagement NED	**£10,000**	–

1 The new Chairman of the Board will receive a fee of £300,000 per annum effective from the date of appointment The current Chairman's fee remains unchanged at £250,000 per annum

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

Report of the Remuneration Committee continued

Directors' Remuneration Policy (unaudited)

The Directors' Remuneration Policy was last approved by shareholders at the 2017 AGM and would not normally be due for renewal until 2020. However, for the reasons set out in the Committee Chairman's introduction to the Remuneration Report, we have decided to submit an amended policy for shareholder voting at the 2019 AGM to be effective from 1 January 2019. This policy has been developed in the context of both the approach to remuneration throughout the Group and shareholder expectation. The principal amendment is to replace the previous Transformation Long-Term Incentive Plan that was put in place primarily for the former Executive Director team, with a conventional Long-Term Incentive Plan.

Background

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

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

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

The key drivers of our Remuneration Policy are:

Alignment to culture

> Align the interests of the Executive Directors, with the long-term interests of shareholders and strategic objectives of the Group;
> Include incentives that are aligned with and support the Group's business strategy and align executives to the creation of long-term shareholder value;
> To reinforce a strong performance culture, across a range of performance metrics, including behaviours, risk management, customer outcomes and the development of the Group's culture in line with its values over the short and long-term; and
> To align management and shareholder interests through building material share ownership over time.

Clarity

> To clearly communicate our Remuneration Policy and reward outcomes to stakeholders.

Simplicity

> To ensure that our Remuneration Policy is clear and easily understood.

Risk
> To provide a balanced package between fixed and variable pay, and long and short-term elements, to align with the Group's strategic goals and time horizons whilst encouraging prudent risk management; and
> To ensure reward processes and policies are compliant with applicable regulations, legislation and market practice, and are operated within the bounds of the Board's risk appetite

Predictability
> To set robust and stretching performance targets which reward exceptional performance; and
> To set remuneration within the limits established under the Directors' Remuneration Policy

Proportionality
> To attract, retain and motivate the Executive Directors and senior employees by providing total reward opportunities which, subject to individual and Group performance, are competitive within our defined markets both in terms of quantum and structure for the responsibilities of the role;
> To ensure that remuneration practices are consistent with and encourage the principles of equality, inclusion and diversity;
> To consider wider employee pay when determining that of our Executive Directors; and
> To align management and shareholder interests.

Further information on risk management
The Remuneration Committee considered the relationship between incentives and risk when approving the Remuneration Policy which will apply throughout the Group

Details of the Group's key risks and risk management are set out in the Strategic report of this Annual Report and Accounts on pages 38 to 43. The majority of transactions are brokered on a Name Passing basis where the business is not a counterparty to a trade.

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

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

The Company's Remuneration Policy is consistent with the measures set out in the Group's compliance manuals relating to conflicts of interest. The Company's policy is to ensure that variable remuneration is not paid through vehicles or methods that facilitate avoidance of the Remuneration Code.

Report of the Remuneration Committee continued

Proposed Policy Table

The policy set out in this table is proposed for approval by shareholders at the May 2019 AGM. The table sets out the key features of the amended policy which is submitted for approval at the AGM in 2019. The table indicates where there are material changes to the previous policy approved by shareholders in 2017.

How remuneration supports the Company's short and long-term strategic objectives	Operation
Base salary To provide a level of base salary reflecting the scope of individual responsibilities to attract and retain high calibre employees.	Paid monthly in arrears. Reviewed periodically to ensure it is not significantly out of line with the market.
Benefits To provide basic benefits but otherwise to limit provision of benefits.	Medical cover and participation in any schemes available to all UK employees such as the Group's life assurance and income protection schemes. Relocation or the temporary provision of accommodation may be offered where the Company requires an Executive Director to relocate. The Remuneration Committee may determine that Executive Directors should receive other reasonable benefits if appropriate, taking into account typical market practice. Directors will be reimbursed for reasonable business expenses incurred in the performance of their duties, including any tax that may arise thereon.
Pension To make basic pension provision.	Membership of a defined contribution pension scheme.
Annual discretionary bonus The aim is to motivate and retain Executive Directors, consistent with the risk appetite determined by the Board and thereby to achieve superior returns for shareholders. It provides a direct link between the achievement of annual business performance targets and reward. The shareholding requirements align Directors' interests with shareholders.	Annual assessment of performance against strategic and financial objectives. The strategic and financial objectives will be set on an annual basis and disclosed retrospectively. Executive Directors will have a mandatory 50% Bonus Deferral each year – such deferral to be awarded in Company shares with a three-year deferral period. These shares can be used to meet the minimum shareholding requirement. Dividend equivalents will be paid on vested shares.
Minimum shareholding Aligns Directors' interests with shareholders by focusing on longer-term shareholder returns.	Directors must hold a minimum number of the Company's ordinary shares equivalent to 300% of base salary in respect of the CEO and 200% of base salary for all other Executive Directors built up over a five year period.

Maximum payable	Performance framework	Recovery/withholding
	None.	None.
No new benefits will be introduced during the term of this Remuneration Policy, unless such benefits are made available to all UK employees.	None.	None.
In line with the pension allowance available to the wider UK employee population of the Group, which is currently 6% of fixed remuneration up to a cap set at £105,600 unless otherwise made available to all UK employees.	None	None.
The maximum CEO annual bonus will be 2.5x base salary. For other Executive Directors, the maximum is 2x base salary.	Annual strategic and financial targets will be set. The targets will include key Financial Performance Targets and applicable Strategic Performance Targets including behavioural metrics **Amended:** Achievement of on-target performance will result in 50% payout Previously this was 60%.	Malus and claw-back provisions apply to the whole annual bonus which enables the Committee to recoup payouts under the Plan either by reducing or cancelling any unvested deferred awards or reclaiming amounts paid. Malus or claw-back may be applied where there is a material or adverse misstatement of performance for the period to which the bonus related or a material misstatement of results for the period to which the bonus related, or an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance. In addition, the Committee may make downward adjustments to the amount of bonus earned if they believe outcomes are not a fair reflection of the overall business performance or where there has been a detrimental impact on the reputation of the business.
None.	None.	None.

Report of the Remuneration Committee continued

How remuneration supports the Company's short and long-term strategic objectives	Operation
Long-Term Incentive Plan – NEW *Aligns 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. *Executive Directors may sell sufficient of the vested shares to settle tax on vesting,* but must retain the balance for a further two year sale restriction period. Dividend equivalents will be paid on vested shares.
Post-Employment Holding Period – NEW Aligns Directors' interests with shareholders for the two years following cessation of employment.	An Executive Director will be expected to retain shares at a level equal to the lesser of 2x base salary or the actual shareholding on departure in year one and at a level equal to the lesser of 1x base salary or the actual shareholding on departure in year two following cessation of employment. Vested and unvested shares under the Deferred Bonus Plan or LTIP may be used to satisfy *this requirement.*
Non-executive Directors	
Fees To attract high calibre, experienced Non-executive Directors.	Paid monthly in arrears. Periodically benchmarked against other UK listed companies of comparable size and activities. Additional fees for additional responsibilities of the *Senior Independent* Non-executive Director, *for chairing each of the* Audit, Risk and Remuneration Committees or other services performed such as acting as a trustee of a Company pension scheme. Directors will be reimbursed for reasonable business expenses incurred in the performance of their duties, including any tax that may arise thereon.

Notes to the Policy table: Performance measures

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

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

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

Maximum payable	Performance framework	Recovery/withholding
Maximum annual LTIP award of 2.5x base salary for each of the Executive Directors.	The number of shares that will vest will be determined with reference to metrics determined by the Committee for each grant. For awards in 2019, the metrics are. EPS CAGR and relative TSR, each to account for 50% of the total LTIP award. Both measures will be subject to stretching targets, specifically a minimum threshold at which a 20% pay-out is triggered and stretching maximum targets at which 100% is paid out. See page 90 for specific financial targets for the 2019 LTIP The Committee will review the appropriateness of the financial metrics on an annual basis and consult with shareholders if any material changes are envisaged.	Malus and claw-back provisions apply to the LTIP which enables the Committee to recoup pay-outs under the plan either by reducing or cancelling any unvested deferred awards or reclaiming amounts paid Malus or claw-back may be applied where there is a material or adverse misstatement of performance for the period to which the bonus related event or a material misstatement of results for the period to which the bonus related or, if an Executive Director's conduct is found to amount to gross misconduct and/or fraud, wilful dishonesty or accounting malfeasance. In addition, the Committee may make downward adjustments to the LTIP outcomes if they believe that they are not a fair reflection of overall business performance or where there has been a detrimental impact on the reputation of the business.
N/A	None.	None.
Aggregate annual fees as listed in the Articles of Association.	None.	None.

Report of the Remuneration Committee continued

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

There are a number of different bonus schemes in operation throughout the Group for Brokers, Senior Management and other employees. Brokers' bonus schemes are described below; all other bonuses are generally discretionary. In addition, the Deferred Bonus Plan introduced for Senior Managers for the 2015 bonus year continued for the 2018 bonus year. Under this Plan, employees identified as Senior Managers had 20% of their discretionary 2018 bonus award deferred into equity for a three-year period.

The grants of equity (under the deferred bonus plan) are expected to be made in Q2 2019 and are subject to forfeiture, in whole or in part, in the event the employee resigns or employment is terminated for gross misconduct as defined in the Employee Handbook. 102 employees participated in the 2018 Deferred Bonus Plan with participants located in London, New York, New Jersey, Paris, Frankfurt, Sydney and Singapore.

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

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

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

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

Illustration of the application of the Remuneration Policy (unaudited)

Total remuneration for each Executive Director for a minimum, target and maximum performance is presented in the chart below:

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

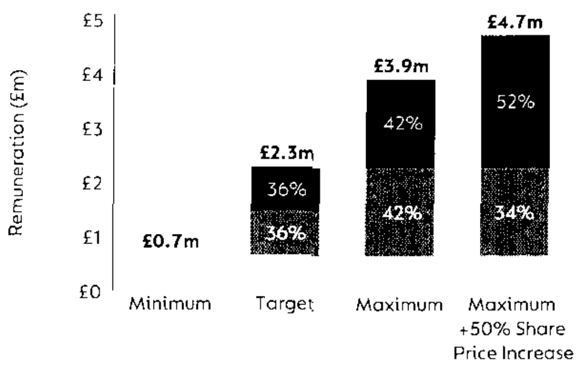
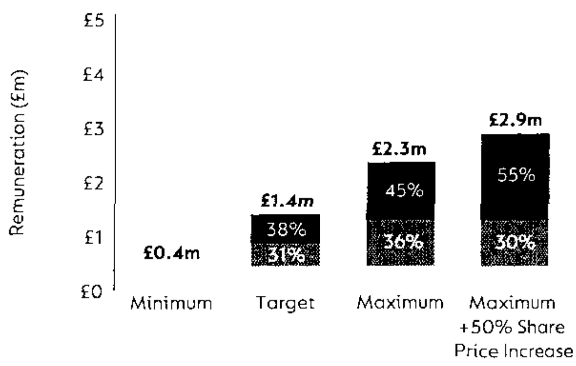


Illustration of the application of the Director's Remuneration Policy – CFO & GGC



Fixed pay ▒ Annual bonus ■ Long-term incentives

> 'Minimum' includes salary and current benefits only.
> 'Target' is based on annual bonus paying out at 50% of maximum. Long-term incentive is based on the LTIP paying out at 50% of maximum.
> 'Maximum' is based on annual bonus paying out in full. Long-term incentive is based on the LTIP paying out in full.
> 'Maximum + 50% Share Price Increase' is based on annual bonus paying out in full. Long-term incentive is based on LTIP paying out in full with a 50% increase in share price

Report of the Remuneration Committee continued

Executive Directors' service agreements and loss of office entitlements (unaudited)

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

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

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

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

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

Under the LTIP, the full terms and conditions of the awards are contained in the Plan documents. In the event that an Executive Director leaves employment the default position is that they will forfeit participation in the LTIP. The Remuneration Committee can choose to exercise its discretion and consider the employee to be a 'good leaver'. 'Good leavers' will (other than in exceptional circumstances) be eligible to retain a time pro-rated portion of their LTIP at the discretion of the Remuneration Committee. The time-reduced participation level will reflect the period of employment from the start of the performance period to the termination date. Any vesting will be subject to the performance conditions and shares awarded at the Normal Vesting Date subject to the Rules of the LTIP.

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

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

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

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

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

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

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

Approved by the Board and signed on its behalf by

Stephen Pull
Chairman
Remuneration Committee
19 March 2019

Directors' Report

The Directors present their report together with the audited consolidated Financial Statements for the year ended 31 December 2018.

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

Disclosure	Location
Board of Directors	Board of Directors (pages 54 and 55)
Results for the year	Consolidated Income Statement (page 120)
Dividends	Strategic report (page 1)
DTR 7 Corporate Governance Statement (excluding DTR 7.2 6, which is covered by this Directors' Report)	Corporate governance report (page 50)
Directors' share interests	Directors' Remuneration Report (page 92)
Financial instruments	Note 3 to the Consolidated Financial Statements (pages 132 to 135)
Viability statement	Strategic report (page 37)
Going concern statement	Strategic report (page 37)
Principal risks and uncertainties	Strategic report (pages 40 to 43)
Human rights and equal opportunities	Strategic report (page 46)
Related party transactions	Note 36 to the Consolidated Financial Statements (page 174)
Business activities and performance	Strategic report (pages 4 to 5)
Financial position	Strategic report (pages 21 to 36)
Key risk analysis	Strategic report (pages 40 to 43)
Loans and other provisions	Notes 3 and 23 to the Consolidated Financial Statements (pages 136 and 155)
Issued share capital	Note 27 to the Consolidated Financial Statements (page 162)
Future developments	Strategic report (pages 6 to 13)
Statement of Directors' responsibility	Page 112

Listing Rule 9.8.4 disclosure

The trustee of the Employee Benefit Trust waived its rights to receive dividends on shares held by them. Information regarding long-term incentive schemes is contained within the Directors' Remuneration Report (pages 80 to 107) and incorporated into this report by reference. Otherwise than as indicated, there are no further disclosures to be made under Listing Rule 9 8.4.

Post balance sheet events

There have been no significant events between 31 December 2018 and the date of approval of this Annual Report which would require a change to or additional disclosure in the Annual Report.

Directors

Each of the current Directors is included in the Biographies section of the Annual Report, set out on pages 54 and 55. Each of these Directors served throughout the year except for Michael Heaney who was appointed on 15 January 2018 as a Non-executive Director, Lorraine Trainer who was appointed on 1 July 2018 as a Non-executive Director, Nicolas Breteau and Robin Stewart who were appointed on 10 July 2018 as Executive Directors, and Philip Price who was appointed on 3 September 2018 as an Executive Director. John Phizackerley and Carol Sergeant also served as Directors during the year, stepping down on 9 July 2018 and 31 December 2018 respectively. Richard Berliand was appointed to the Board on 19 March 2019 as a Non-executive Director.

Directors' conflicts

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

Directors' indemnity arrangements
The Company maintains liability insurance for its Directors and officers, and to the extent allowed by law and the Company's Articles of Association, the Company provides a standard indemnity against certain liabilities that a Director may incur in their capacity as Director of the Company. The liability insurance provided to a Director does not provide cover in the event of dishonest or fraudulent activity. The principal employer of the Tullett Prebon Pension Scheme has given indemnities to the Directors who are trustees of that Scheme.

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

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

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

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

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

Powers of the Directors
As granted by shareholders at the 2018 AGM, the Directors have the authority to allot shares and to buy the Company's shares in the market. At the last AGM, resolutions were passed to authorise the Directors to allot up to a nominal amount of £92,355,445 (subject to restrictions specified in the relevant resolutions) and to purchase up to 55,413,267 ordinary shares. These authorities are set to expire so similar authorities will be proposed at this year's AGM.

At the date of this Annual Report, no shares had been purchased in the market under the authority granted at the 2018 AGM. The allotment and buy-back authorities will expire at the conclusion of the 2019 AGM or, if earlier, on 1 July 2019 unless renewed before that time.

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

Significant agreements and change of control
The Company's banking facilities give the lenders the right not to renew loans and to cancel commitments in the event of a change of control.

The Company's share schemes contain provisions relating to change of control, subject to the satisfaction of relevant performance conditions and pro-rata for time, if appropriate.

The Company is not aware of any other significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, nor any agreements with the Company and its employees or Directors for compensation for loss of office or employment that occurs because of a takeover bid.

Directors' Report continued

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 unfortunate to 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 with information of concern 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 Under the new workforce engagement initiative Lorraine Trainer, Edmund Ng and Michael Heaney have been commissioned to represent the Board in engaging with the workforce in EMEA, Asia Pacific and the Americas respectively. For more information, see page 57.

Substantial shareholders

As at 31 December 2018, and at the date of this Annual Report, the following table shows the holdings of the Company's total voting rights attached to the Company's issued ordinary share capital, that have been notified to the Company in accordance with DTR 5:

	31 December 2018 %	18 March 2019 %
Schroders plc	**16.24**	16.34
Jupiter Asset Management	**8.57**	8.57
Liontrust Asset Management	**5.07**	5.07
Silchester International Investors LLP	**5.04**	5.04
Blackrock, Inc.	**4.85**	4.85

Greenhouse gas emissions

TP ICAP, as an office-based business, is not engaged in activities that are generally regarded as having a high environmental impact. 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 Group continues to report its carbon footprint according to best practice principles, reporting on scope 1 and scope 2 emissions The estimated Group greenhouse gas emissions for 2017 and 2018 are set out below:

	Tonnes of CO_2e	
	2018	2017
Combustion of fuel, vehicles, fugitive emissions (scope 1)	**2,693**	3,377
Purchased electricity (scope 2)	**10,889**	10,722
Total	**13,583**	14,099
Total emissions per employee	**2.8**	2.7

The emission statistics were calculated by Anthesis Consulting Group. The analysis included all material sources of emissions for which the Group is directly responsible.

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

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

Political donations
It is the Company's policy not to make cash contributions to any political party. However, within the normal activities of the Group, there may be occasions when an activity might fall within the broader definition of 'political expenditure' contained within the Companies Act 2006. During 2018, no political donations were made by the Group (2017: £nil).

Statement of Directors' responsibilities
The Directors' Statement regarding their responsibility for preparing the Annual Report is set out on page 112.

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
The AGM of the Company will be held at 12.45pm on 15 May 2019. Details of the resolutions to be proposed at the AGM are set out in a separate Notice of Meeting together with explanatory notes set out in a separate circular. The Notice of Meeting will be sent to all shareholders entitled to receive such notice. Only members on the register of members of the Company as at close of business on 13 May 2019 (or two days before any adjourned meeting, excluding non-business days) will be entitled to attend and vote at the AGM. Any proxy must be lodged with the Company's registrars or submitted to CREST at least 48 hours, excluding non-business days, before the AGM or any adjourned meeting thereof.

Resolutions dealing with the authority to allot shares, the new Directors' Remuneration Policy, the new LTIP Scheme, disapplication of pre-emption rights, authority to buy back shares and to convene general meetings other than annual general meetings on no less than 14 days' notice will be put to the AGM as special business.

By order of the Board.

Richard Cordeschi
Group Company Secretary
19 March 2019

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and Article 4 of the International Accounting Standard ('IAS') Regulation and have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In the case of Group Financial Statements, IAS 1 requires that directors:

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

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

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

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

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

Responsibility statement
The Directors confirm that to the best of their knowledge:

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

On behalf of the Board

Nicolas Breteau
Chief Executive Officer
19 March 2019

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

In our opinion:

> the financial statements of TP ICAP plc ("the Parent Company") and its subsidiaries ("the Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
> the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
> the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
> the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

> the Consolidated Income Statement;
> the Consolidated Statement of Comprehensive Income;
> the Consolidated Balance Sheet;
> the Consolidated Statement of Changes in Equity;
> the Consolidated Cash Flow Statement;
> the related Consolidated Financial Statement Notes 1 to 37;
> the Parent Company Balance Sheet;
> the Parent Company Statement of Changes in Equity; and
> the related Parent Company Financial Statement Notes 1 to 10.

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

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

Basis for opinion

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

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that, with one exception, no non-audit services prohibited by the FRC's Ethical Standard were provided to the Group. The exception related to immaterial payroll and tax compliance services provided to the overseas branch of an insignificant newly acquired UK subsidiary. The fees for this work amounted to £8,000 and these services have ceased. It was concluded in agreement with the Audit Committee, this one exception did not impact upon Deloitte's integrity, objectivity and independence as the number of employees and the payroll and tax charge within this subsidiary are wholly immaterial in the context of our audit of the Group's financial statements

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: > Name Passing revenue; > Impairment of goodwill and other intangibles; and > Presentation and disclosure of integration related items. We no longer identify a key audit matter in relation to the finalisation of the provisional accounting for the ICAP acquisition as this was completed in the prior year. In 2017, we identified a key audit matter in relation to the presentation and disclosure of Cost Improvement Program ('CIP') and integration related items. There is no 2018 CIP and therefore, in the current year, our key audit matter focuses solely on integration related items. The other key audit matters are consistent with the prior year.
Materiality	The materiality that we used for the Group financial statements was £10.2m which was determined with reference to underlying profit before tax.
Scoping	Our Group audit scope focused primarily on seven locations (2017: eight locations) with 30 subsidiaries (2017: 30 subsidiaries) subject to a full scope audit and three subsidiaries (2017: three subsidiaries) subject to specified audit procedures. In aggregate, these subsidiaries represent the principal business units within each of the Group's operating segments. These subsidiaries account for 97% (2017: 99%) of the Group's total assets, 99% (2017: 98%) of the Group's total liabilities, 87% (2017: 88%) of the Group's revenue and 87% (2017: 85%) of the Group's expenses.
Significant changes in our approach	There have been no significant changes to our audit approach compared to prior year.

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

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in Note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the potential impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluating the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

> the disclosures on pages 40 to 43 that describe the principal risks and explain how they are being managed or mitigated;
> the Directors' confirmation on page 40 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
> the Directors' explanation on page 37 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

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

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

Name Passing revenue

Refer to the summary of significant accounting policies on page 129 and "Our business model" on page 4.

Key audit matter description	Name Passing revenue is earned for the service of matching buyers and sellers of financial instruments. The Group is not a counterparty to the trade and commissions are invoiced for the service provided by the Group. It accounts for a majority of the Group's broking revenue of £1,763m. As invoices for services provided are not issued until the end of each month, the cash collection period is typically longer than for Matched Principal revenue. The risk of misstatement of revenue due to fraud or error increases where the invoice becomes past due or where post year-end trade adjustments or credit notes arise.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of relevant controls relating to Name Passing invoicing and cash collection and elected to test the operating effectiveness of controls in certain jurisdictions. We confirmed a sample of trades to cash received throughout the year. We agreed a further sample of Name Passing transactions, which were outstanding at year-end, to cash received post year-end. We tested the aged debtor analysis through re-performance and, focusing on higher risk aged items, we confirmed that revenue recognised on each transaction was supportable by obtaining evidence to corroborate the validity of the underlying trade and reviewing communications with counterparties. We tested a sample of post year-end trade adjustments and credit notes to evaluate whether these items were accurate and valid. We reviewed the recognition of Name Passing revenue to assess whether it was in line with the Group's accounting policy.

Key observations	During 2018 the Group continued to implement improvements in controls over trade amendments. As the improved controls did not operate for all broking desks, we performed additional substantive testing of trade amendments. No issues were identified from this testing No issues were identified through our detailed testing of cash receipts and aged debtors We determined the recognition of Name Passing revenue to be appropriate and in line with the Group's accounting policy on page 129.

Impairment of goodwill and other intangibles

Refer to the summary of significant accounting policies Note 3 on page 130, accounting estimates and judgements Note 3 on page 138, the intangible assets arising on consolidation Note 13 on page 146 and the other intangible assets Note 14 on page 147.

Key audit matter description	As required by IAS 36, goodwill and other intangible assets are reviewed for impairment at least annually. Determining whether the goodwill of £1,030m, other intangible assets arising on consolidation of £564m and other intangible assets of £69m are impaired requires an estimation of the recoverable amount of the Group's cash generating units ("CGUs"), using the higher of the value in use or fair value less costs to sell. The value in use approach was used to assess the recoverable amount of all CGUs. The value in use approach involves discounting expected future cash flows and hence requires the selection of suitable discount rates and forecast future growth rates. It is therefore inherently subjective with an increased risk of material misstatement due to error or fraud. The value in use of each CGU can be sensitive to changes in underlying assumptions. We focused our testing on the CGUs where we identified increased sensitivity to the growth rate and discount rate assumptions. An impairment of £58m was recorded in the year for the Americas CGU and an impairment of £7m was recorded in the year for the Asia Pacific CGU.
How the scope of our audit responded to the key audit matter	We performed detailed analysis of the Group's assumptions used in the annual impairment review, in particular forecast future growth rates, the cash flow projections and discount rates used by the Group in its impairment tests of the CGUs. We challenged cash flow forecasts and growth rates by evaluating recent performance, trend analysis and comparing growth rates to those achieved historically and to external market data where available. Our internal valuations specialists independently derived discount rates which we compared to the rates used by the Group and we benchmarked discount rates to available external peer group data. We re-performed the Group's assessment of whether the impairment tests were sensitive to reasonably possible changes in assumptions and cash flows to determine whether the Group's disclosures of sensitivities in the financial statements were sufficient and appropriate.
Key observations	We concluded that the Directors' impairment test and the recognition of an impairment charge in respect of the Americas and Asia Pacific CGUs was appropriate. The cash flow forecasts used in the annual impairment review were consistent with the most recent financial budgets approved by the Board and were reasonable in the context of recent business performance. We considered the potential impact of Brexit on cash flow forecasts and do not consider there to be a significant risk of material adjustment to the carrying value of the EMEA CGU in the next financial year as a result. The growth rates and discount rates used by management are reasonable. We considered the disclosures made by the Directors were appropriate, that when using a value in use approach, a reasonably possible change in the growth rate and discount rate assumptions for the Asia Pacific and Americas CGUs would result in the carrying value of these CGUs exceeding their recoverable amount.

Presentation and disclosure of integration related items

Refer to the basis of preparation Note 2 on page 126 and Note 5 on page 142.

Key audit matter description	The Group reports profit before "acquisition, disposal and integration related items" of £160m before taxation of which £44m related to integration. There is a risk that items that reflect the underlying performance of the Group are incorrectly presented as integration related items. In addition, there is a risk that undue prominence is given to underlying results compared to the statutory results of the Group.
How the scope of our audit responded to the key audit matter	We assessed the design and implementation of relevant controls relating to the classification of items as integration related. For a sample of items we obtained supporting evidence to assess whether the items relate to integration or should be presented as part of the Group's underlying results. We challenged the prominence given to underlying results relative to the Group's statutory results and whether the presentation was misleading. We read the description of the basis of underlying results and whether it was consistently applied. We also tested the completeness and accuracy of the reconciliation between underlying and statutory results.

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

Key observations	We identified no items within integration related items that should be presented in underlying results or that did not meet the Group's definition of integration related items set out on page 126. We considered that the presentation of the Group's underlying results is appropriately explained, is understandable and that the reconciliation to the Group's statutory results is complete and accurate. We considered that appropriate prominence has been given to the statutory results.

Our application of materiality

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

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

Group materiality	£10.2m (2017: £9.6m)
Basis for determining materiality and rationale for the benchmark applied	We have used a purely profit based measure as a basis for determining materiality as we considered this to be the most appropriate. Our approach to determining materiality is consistent with the prior year. For the 2018 Group Financial Statements, we have determined our materiality to be £10.2m on the basis of 5% of normalised[1] underlying profit before tax which equates to less than 1% of total equity.
Parent Company materiality	£4.1m (2017: £4.8m)
Basis for determining materiality and rationale for the benchmark applied	For the 2018 Parent Company Financial Statements, we have determined our materiality to be £4.1m on the basis of 40% of Group materiality because the Parent Company is a component in scope for our Group audit.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2017: £0.5m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit scope focused primarily on seven locations (2017: eight locations) with 30 subsidiaries (2017: 30 subsidiaries) subject to a full scope audit and three subsidiaries (2017: three subsidiaries) subject to specified audit procedures. In aggregate, these subsidiaries represent the principal business units within each of the Group's operating segments. These subsidiaries account for 97% (2017: 99%) of the Group's total assets, 99% (2017: 98%) of the Group's total liabilities, 87% (2017: 88%) of the Group's revenue and 87% (2017: 85%) of the Group's expenses. The subsidiaries were selected to provide an appropriate basis of undertaking audit work to address the risks of material misstatement including those identified above. Our audits of each of the subsidiaries were performed using lower levels of materiality based on their size relative to the Group. The materiality for each subsidiary audit ranged from £4.1m to £6.1m (2017: £4.8m to £5.3m).

Revenue	Expenses	Total assets	Total liabilities
Full scope 86%	Full scope 78%	Full scope 97%	Full scope 99%
Specified audit procedures 1%	Specified audit procedures 9%	Specified audit procedures 0%	Specified audit procedures 0%
Analytical procedures only 13%	Analytical procedures only 13%	Analytical procedures only 3%	Analytical procedures only 1%

We tested the Group's consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement in the aggregated financial information of the remaining subsidiaries not subject to a full scope audit or specified audit procedures.

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

1 We have determined normalised underlying profit before tax of £205m as underlying profit before tax of £245m less amortisation of intangible assets arising on consolidation of £40m. Amortisation of intangible assets arising on consolidation is a recurring cost and therefore reflects ongoing business performance

Other information

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

We have nothing to report in respect of these matters.

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

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

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

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

> Fair, balanced and understandable – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
> Audit committee reporting – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
> Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code *containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly* disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with provisions of laws and regulations, our procedures included the following:

> enquiring of management, internal audit, and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  > identifying, evaluating and complying with provisions of laws and regulations and whether they were aware of any instances of non-compliance, including their assessment of open litigation and regulatory matters;
  > detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  > the internal controls established to mitigate risks related to fraud or non-compliance with provisions of laws and regulations;

> discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including tax, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified increased fraud risks in the following areas which are referred to above; Name Passing revenue and impairment of goodwill and other intangibles; and

> obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those provisions of laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the relevant provisions of the 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 continue as a going concern or to avoid a material penalty, such as prudential regulatory requirements.

Audit response to risks identified

As a result of performing the above, we identified Name Passing revenue and the impairment of goodwill and other intangibles as key audit matters. 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 the key audit matters.

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 relevant provisions of laws and regulations discussed above;

> 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; and

> reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and regulators, including the Financial Conduct Authority.

Where actual or suspected non-compliance with laws and regulations was identified, we performed specific audit procedures to address the risk 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 24 and Note 33 of the financial statements.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates were indicative of a potential bias; and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

We also communicated relevant identified provisions of laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
> the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> we have not received all the information and explanations we require for our audit; or
> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
> the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

We were first appointed as auditors by a predecessor company of the Parent Company upon its listing in 2001. We were appointed to audit its financial statements for the year ending 31 December 2001 and subsequent periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the years ending 31 December 2001 to 31 December 2018.

Consistency of the audit report with the additional report to the Audit Committee

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

Use of our report

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

Robert Topley FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 March 2019

Consolidated Income Statement

for the year ended 31 December 2018

	Notes	Underlying £m	Acquisition, disposal and integration costs (Note 5) £m	Exceptional items (Note 5) £m	Total £m
2018					
Revenue	4	**1,763**	–	–	**1,763**
Administrative expenses	5	**(1,498)**	**(160)**	**(23)**	**(1,681)**
Impairment loss on trade receivables		**(1)**	–	–	**(1)**
Other operating income	6	**12**	–	–	**12**
Operating profit		**276**	**(160)**	**(23)**	**93**
Finance income	8	**5**	–	–	**5**
Finance costs	9	**(36)**	–	–	**(36)**
Profit before tax		**245**	**(160)**	**(23)**	**62**
Taxation	10	**(63)**	**20**	**4**	**(39)**
Profit after tax		**182**	**(140)**	**(19)**	**23**
Share of results of associates and joint ventures		**12**	–	–	**12**
Profit for the year	6	**194**	**(140)**	**(19)**	**35**
Attributable to:					
Equity holders of the parent		**191**	**(140)**	**(19)**	**32**
Non-controlling interests		**3**	–	–	**3**
		194	**(140)**	**(19)**	**35**
Earnings per share					
– Basic	11	**34.2p**			**5.7p**
– Diluted	11	**33.9p**			**5.7p**
2017					
Revenue	4	1,757	–	–	1,757
Administrative expenses	5	(1,509)	(128)	(34)	(1,671)
Impairment loss on trade receivables		(2)	–	–	(2)
Other operating income	6	17	1	–	18
Operating profit		263	(127)	(34)	102
Finance income	8	6	–	–	6
Finance costs	9	(36)	–	–	(36)
Profit before tax		233	(127)	(34)	72
Taxation	10	(61)	54	10	3
Profit after tax		172	(73)	(24)	75
Share of results of associates and joint ventures		12	–	–	12
Profit for the year	6	184	(73)	(24)	87
Attributable to:					
Equity holders of the parent		184	(73)	(24)	87
Non-controlling interests		–	–	–	–
		184	(73)	(24)	87
Earnings per share					
– Basic	11	33.3p			15.8p
– Diluted	11	32.7p			15.5p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Profit for the year		**35**	87
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension schemes	35	**(2)**	(45)
Equity instruments at FVTOCI – net change in fair value	18	**7**	-
Taxation relating to items not reclassified	10	**1**	16
		6	(29)
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets (pre IFRS 9 – see Note 2(e))			
– *Revaluation gains transferred to income statement*		**–**	(1)
Effect of changes in exchange rates on translation of foreign operations		**49**	(93)
Taxation relating to items that may be reclassified		**–**	–
		49	(94)
Other comprehensive income/(loss) for the year		**55**	(123)
Total comprehensive income/(loss) for the year		**90**	(36)

Attributable to:		
Equity holders of the parent	**86**	(35)
Non-controlling interests	**4**	(1)
	90	(36)

Consolidated Balance Sheet

as at 31 December 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Intangible assets arising on consolidation	13	**1,594**	1,642
Other intangible assets	14	**69**	69
Property, plant and equipment	15	**74**	38
Investment in associates	16	**53**	52
Investment in joint ventures	17	**26**	24
Other investments	18	**20**	19
Deferred tax assets	20	**4**	2
Retirement benefit assets	35	**55**	57
Other long term receivables	21	**20**	19
		1,915	1,922
Current assets			
Trade and other receivables	21	**22,798**	34,690
Financial investments	19	**133**	139
Cash and cash equivalents	32	**667**	622
		23,598	35,451
Total assets		**25,513**	37,373
Current liabilities			
Trade and other payables	22	**(22,735)**	(34,681)
Interest bearing loans and borrowings	23	**(144)**	(12)
Current tax liabilities		**(55)**	(46)
Short term provisions	24	**(31)**	(42)
		(22,965)	(34,781)
Net current assets		**633**	670
Non-current liabilities			
Interest bearing loans and borrowings	23	**(498)**	(577)
Deferred tax liabilities	20	**(123)**	(116)
Long term provisions	24	**(30)**	(19)
Other long term payables	25	**(64)**	(43)
Retirement benefit obligations	35	**(3)**	(4)
		(718)	(759)
Total liabilities		**(23,683)**	(35,540)
Net assets		**1,830**	1,833
Equity			
Share capital	27, 28(a)	**141**	139
Share premium	28(a)	**17**	17
Merger reserve	28(a)	**1,384**	1,378
Other reserves	28(b)	**(1,158)**	(1,208)
Retained earnings	28(c)	**1,430**	1,494
Equity attributable to equity holders of the parent	28(c)	**1,814**	1,820
Non-controlling interests	28(c)	**16**	13
Total equity		**1,830**	1,833

The Consolidated Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 19 March 2019 and are signed on its behalf by

Nicolas Breteau
Chief Executive Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

	Equity attributable to equity holders of the parent (Note 28)										
	Share capital £m	Share premium account £m	Merger reserve £m	Reverse acquisition reserve £m	Re-valuation reserve £m	Hedging and translation £m	Own shares £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
2018											
Balance at 1 January 2018	**139**	**17**	**1,378**	**(1,182)**	**1**	**(17)**	**(10)**	**1,494**	**1,820**	**13**	**1,833**
Adjustment on initial application of IFRS 9 (Note 2(e))	–	–	–	–	–	–	–	**(4)**	**(4)**	–	**(4)**
Adjusted balance at 1 January 2018	**139**	**17**	**1,378**	**(1,182)**	**1**	**(17)**	**(10)**	**1,490**	**1,816**	**13**	**1,829**
Profit for the year	–	–	–	–	–	–	–	**32**	**32**	**3**	**35**
Other comprehensive income/(loss) for the year	–	–	–	–	**7**	**48**	–	**(1)**	**54**	**1**	**55**
Total comprehensive income for the year	–	–	–	–	**7**	**48**	–	**31**	**86**	**4**	**90**
Issue of ordinary shares	**2**	–	**6**	–	–	–	–	**(2)**	**6**	–	**6**
Dividends paid	–	–	–	–	–	–	–	**(94)**	**(94)**	**(1)**	**(95)**
Gain on disposal of equity instruments at FVTOCI	–	–	–	–	**(4)**	–	–	**4**	–	–	–
Share settlement of share-based payment awards	–	–	–	–	–	–	**4**	**(4)**	–	–	–
Own shares acquired for employee trusts	–	–	–	–	–	–	**(5)**	–	**(5)**	–	**(5)**
Credit arising on share-based payment awards	–	–	–	–	–	–	–	**5**	**5**	–	**5**
Balance at 31 December 2018	**141**	**17**	**1,384**	**(1,182)**	**4**	**31**	**(11)**	**1,430**	**1,814**	**16**	**1,830**
2017											
Balance at 1 January 2017	139	17	1,378	(1,182)	2	75	(6)	1,475	1,898	21	1,919
Profit for the year	–	–	–	–	–	–	–	87	87	–	87
Other comprehensive loss for the year	–	–	–	–	(1)	(92)	–	(29)	(122)	(1)	(123)
Total comprehensive (loss)/income for the year	–	–	–	–	(1)	(92)	–	58	(35)	(1)	(36)
Dividends paid	–	–	–	–	–	–	–	(58)	(58)	(1)	(59)
Own shares acquired for employee trusts	–	–	–	–	–	–	(4)	–	(4)	–	(4)
Equity repayment to non-controlling interests	–	–	–	–	–	–	–	–	–	(6)	(6)
Credit arising on share-based payment awards	–	–	–	–	–	–	–	19	19	–	19
Balance at 31 December 2017	139	17	1,378	(1,182)	1	(17)	(10)	1,494	1,820	13	1,833

Consolidated Cash Flow Statement

for the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Cash flows from operating activities	31	**149**	87
Investing activities			
Sale/(purchase) of financial investments		**4**	(54)
Sale of equity instruments at FVTOCI		**7**	–
Sale of available-for-sale investments		**–**	4
Interest received		**3**	3
Dividends from associates and joint ventures		**10**	13
Expenditure on intangible fixed assets		**(26)**	(26)
Purchase of property, plant and equipment		**(47)**	(15)
Deferred consideration paid		**(3)**	(4)
Investment in associates		**(2)**	(1)
Acquisition consideration paid		**(18)**	(5)
Cash acquired with acquisitions		**1**	1
Net cash flows from investment activities		**(71)**	(84)
Financing activities			
Dividends paid	12	**(94)**	(58)
Dividends paid to non-controlling interests		**(1)**	(1)
Equity repayment to non-controlling interests		**–**	(6)
Share issue costs		**–**	(7)
Own shares acquired for employee trusts		**(5)**	(4)
Drawdown of revolving credit facility		**87**	–
Repayment of revolving credit facility		**(35)**	–
Funds received from issue of Sterling Notes		**–**	500
Repayment of bank debt		**–**	(470)
Bank facility arrangement fees and debt issue costs		**(3)**	(3)
Net cash flows from financing activities		**(51)**	(49)
Net increase/(decrease) in cash and cash equivalents		**27**	(46)
Net cash and cash equivalents at the beginning of the year		**622**	696
Adjustment on initial application of IFRS 9 (Note 2(e))		**(1)**	–
Effect of foreign exchange rate changes		**19**	(28)
Net cash and cash equivalents at the end of the year	32	**667**	622
Cash and cash equivalents		**680**	622
Overdrafts		**(13)**	–
Cash and cash equivalents at the end of the year	32	**667**	622

Notes to the Consolidated Financial Statements

for the year ended 31 December 2018

1. General information

TP ICAP plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 181. The nature of the Group's operations and its principal activities are set out in the Directors' Report on pages 108 to 111 and in the Strategic report on pages 1 to 49.

2. Basis of preparation

(a) Basis of accounting

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

The Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates and are rounded to the nearest million pounds (expressed as £m), except where otherwise indicated. The significant accounting policies are set out in Note 3.

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

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

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

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

(b) Basis of consolidation

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, including goodwill, less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control was lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 'Financial Instruments' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

2. Basis of preparation continued

(c) Presentation of the Income Statement

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

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

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

(d) Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further detail is contained in the going concern section and viability statement included in the Strategic report on page 37.

(e) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year:

> IFRS 9 'Financial Instruments

The Group has applied IFRS 9 from 1 January 2018 which has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. Under the transition methods chosen, comparative information has not been restated. The Group had no hedging relationships as at this date or during the current reporting period. The details of the requirements of IFRS 9 are set out in Note 3(j) and the impact on the Group's Consolidated Financial Statements are described below.

Classification and measurement

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

> it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
> its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

> it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
> its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the instrument's fair value in Other Comprehensive Income ('OCI'). This election is made on an instrument-by-instrument basis

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Impact of the classification and measurement requirements

There has been no impact in the classification and measurement of the Group's financial assets as at the date of initial application of IFRS 9, except for £17m of equity instruments classified as available-for-sale under IAS 39 which the Group has elected to apply the FVTOCI option and for £2m of corporate debt securities and £86m of government debt instruments, that were classified as available-for-sale, which are now mandatorily held as FVTOCI.

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

There has been no change in the accounting for financial liabilities as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Under IFRS 9, changes in the fair value of a financial liability designated as at FVTPL due to credit risk are presented in other comprehensive income unless such presentation would create or enlarge an accounting mismatch in profit or loss.

Note 26(c) illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ('ECL') model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables, settlement balances, deposits paid for securities borrowed, cash and cash equivalents, term deposits and restricted funds.

Under IFRS 9, loss allowances are measured on either of the following bases:

> 12-month ECLs: these are ECLs that result from expected default events within the 12 months after the reporting date, and
> lifetime ECLs: these are ECLs that result from all expected default events over the expected life of a financial instrument.

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 charged to profit or loss is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables, settlement balances, deposits paid for securities borrowed, cash and cash equivalents, term deposits and restricted funds are presented separately in the statement of profit or loss. As a result, the Group reclassified impairment losses amounting to £2m, recognised under IAS 39, from 'administrative expenses' to 'impairment loss on trade and other receivables,' in the statement of profit or loss for the year ended 31 December 2017.

Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Impact of the new impairment model

The application of the impairment requirements of IFRS 9 has not had a material impact on the Group's consolidated financial statements.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows.

Loss allowance at 31 December 2017 under IAS 39	6
Additional impairment recognised at 1 January 2018 on	
- Trade receivables as at 31 December 2017	4
- Other financial assets	1
Loss allowance at 1 January 2018 under IFRS 9	11
Associated adjustment to deferred tax	(1)

The Group has recognised lifetime ECLs for trade receivables. The expected credit losses on these financial assets were estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

For other financial assets, the Group has recognised loss allowances at an amount equal to 12-month ECL or lifetime ECL based on the credit risk of the respective financial instrument when it was initially recognised compared to the credit risk as at 1 January 2018. However, if the financial instrument had a low credit risk at 1 January 2018, the Group assumed that the credit risk had not increased significantly since initial recognition.

Hedge accounting

The Group did not undertake any qualifying hedging activities during the reporting period and will apply IFRS 9's hedge accounting requirements as and when such transactions arise.

> IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a single comprehensive model for determining whether, how much and when revenue arising from contracts with customers is recognised It replaced IAS 18 'Revenue' and related Interpretations.

The Group has adopted IFRS 15 with effect from 1 January 2018 and has adopted the modified retrospective approach without restatement of comparatives. Accordingly the information presented for 2017 has not been restated and is presented, as previously reported, under IAS 18. The application of IFRS 15 has not had a significant impact on the financial position nor performance of the Group.

The performance obligation for the Group's Name Passing brokerage is the matching of buyers and sellers. The performance obligations in respect of Executing Broker brokerage is the 'give-up' of the trade to the relevant client or its clearing member. These performance obligations are recognised at a point in time being the date of the trade.

The performance obligations in respect of contracts for the provision Data & Analytics is the sale of price information from financial and commodity markets to third parties over the duration of the contract. In respect of these contracts the Group has applied the practical expedient in IFRS 15, allowing for the non-disclosure of both the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount. In relation to these contracts the Group has a right that corresponds directly with the value of the Group's performance completed.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

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

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

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

Under IFRS 15, revenue is recognised as and when 'control' of the goods or services underlying a particular performance obligation is transferred to the customer. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

The application of IFRS 15 has not significantly changed the amount or timing of the revenue recognised by the Group Performance obligations in respect of Name Passing and Executing Brokerage continue to be recognised at a point in time, being the trade date. Performance obligations for the provision of Data & Analytics continue to be recognised over the duration of the contract for the provision of those services.

> Other New Standards and Interpretations

The following new Standards and Interpretations are effective from 1 January 2018 but they do not have a material effect in the Group's financial statements:

> Amendments to IFRS 2 'Share-based payment transactions' regarding the classification and measurement of share-based payment transactions;
> IFRIC Interpretation 22 relating to foreign currency transactions and advance consideration;
> Annual Improvements to IFRSs (2014-2016 Cycle, relating to improvements effective from 1 January 2018); and
> Amendments to IAS 40: Transfers of Investment Property

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

> IFRS 16 'Leases'

IFRS 16 introduces comprehensive changes to the identification and accounting for leases for lessees. The date of initial application for the Group will be 1 January 2019 for the year ending 31 December 2019.

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

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

The Group has chosen the cumulative catch-up approach in IFRS 16. Under this transition method, comparative information will not be restated and cumulative adjustments will be reflected in opening reserves.

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation assessment. The assessment has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

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

As at 31 December 2018, the Group has non-cancellable operating lease commitments of £313m (Note 34). Under IAS 17 the 2019 operating lease expense on these leases was forecast to be £30m.

The Group's assessment of these leases indicates that £7m of these arrangements relate to short-term leases and leases of low-value assets. The remaining £306m relate to leases on which the Group estimates it will, in 2019, recognise a right-of-use asset of £146m and a lease liability of £192m. As at 31 December 2018 the Group held £14m of provisions for onerous lease contracts and building dilapidations, and £32m in respect of lease liability incentives. These are offset against the right-of-use asset when determining its carrying value.

The estimated impact on profit or loss in 2019 is to decrease 'Other operating expenses' by £25m, to increase depreciation by £17m and to increase net interest expense by £14m.

Discount rates used to estimate the lease liabilities range from 2.4% to 13.6%. A 1% reduction in discount rates would increase the lease liability, and associated right-of-use asset, by £10m, reducing interest expense by £1m and increasing depreciation by £1m.

The Group's financial statements for 2019 will reflect the application of the standard to qualifying leases obligations existing as at 1 January 2019 and to new qualifying lease obligations entered into during the period.

2. Basis of preparation continued

(e) Adoption of new and revised Standards continued

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Where the Group is an intermediate lessor, it will account for the head lease and the sublease as two separate contracts and is required to classify the sublease as a finance or operating lease by reference to the right of use asset arising from the head lease.

Because of this change, the Group will reclassify certain of its sublease agreements as finance leases As required by IFRS 9, an allowance for expected credit losses will be recognised on the finance lease receivables. The leased assets will be derecognised and finance lease asset receivables recognised. This change in accounting will change the timing of recognition of the related revenue, recognised in finance income.

In addition to IFRS 16, the following Standards and Interpretations are also in issue but not yet effective and have not been applied in the preparation of these Financial Statements:

> IFRIC 23 Uncertainty over Income Tax Treatments; and
> Amendments to IFRS 9: Prepayment Features with Negative Compensation; and
> Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures.

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

> IFRS 17 Insurance Contracts;
> Annual Improvements to IFRS Standards (2015-2017 Cycle);
> Amendments to IAS 19: Plan Amendment, Curtailment or Settlement,
> Amendments to References to the Conceptual Framework in IFRS Standards;
> Amendment to IFRS 3 Business Combinations; and
> Amendments to IAS 1 and IAS 8: Definition of Material.

Other than where stated, the Directors do not expect the adoption of the above Standards and Interpretations will have a material impact on the Financial Statements of the Group in future periods.

3. Summary of significant accounting policies

(a) Income recognition

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

Revenue comprises:

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

In respect of contracts for the provision Data & Analytics, the Group has applied the practical expedient in IFRS 15, allowing for the non-disclosure of both the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount. In relation to these contracts the Group has a right that corresponds directly with the value of the Group's performance completed.

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

(b) Business combinations

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

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

3. Summary of significant accounting policies continued

(b) Business combinations continued

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

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

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

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

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

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

(c) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these Financial Statements based on financial information made up to 31 December each year using the equity method of accounting, except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of impairment of the asset transferred in which case appropriate provision is made for impairment.

(d) Interests in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Joint ventures are joint arrangements which involve the establishment of a separate entity in which each party has rights to the net assets of the arrangement. The Group reports its interests in joint ventures using the equity method of accounting, based on financial information made up to 31 December each year. Investments in joint ventures are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of the joint venture in excess of the Group's interest in those joint ventures are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments under the terms of the joint venture.

(e) Goodwill

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

Goodwill recognised as an asset is reviewed for impairment at least annually. Any impairment loss is recognised as an expense immediately and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units ('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

3. Summary of significant accounting policies continued

(e) Goodwill continued

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

Internally generated 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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

3. Summary of significant accounting policies continued

(i) Broker contract payments

Payments made to brokers under employment contracts which are in advance of the expected economic benefit due to the Group are accounted for as prepayments and included within trade and other receivables. Payments made in advance are subject to repayment conditions during the contract period and the prepayment is amortised over the shorter of the contract term and the period the payment remains recoverable. Amounts that are irrecoverable, or become irrecoverable, are written off immediately.

Payments made in arrears are accrued and are included within trade and other payables.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

> the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
> the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ('FVTOCI'):

> the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
> the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ('FVTPL').

The Group may make the following irrevocable elections or designations at initial recognition of a financial asset:

> to irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
> to irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at FVTOCI

Debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated in the revaluation reserve. When such assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss

Equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election, on an instrument-by-instrument basis, to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

> it has been acquired principally for the purpose of selling it in the near term; or
> on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
> it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as finance income in profit or loss.

3. Summary of significant accounting policies continued

(j) Financial instruments continued

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically.

> investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
> debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in finance income.

Derecognition of financial asset

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

> an actual or expected significant deterioration in the financial instrument's external or internal credit rating;
> significant deterioration in external market indicators of credit risk for a particular financial instrument;
> existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
> an actual or expected significant deterioration in the operating results of the debtor, and
> significant increases in credit risk on other financial instruments of the same debtor; an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

3. Summary of significant accounting policies continued

(j) Financial instruments continued

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

> The financial instrument has a low risk of default;
> The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
> Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per both Standard & Poor's and Fitch.

The Group monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Definition of default

The Group considers a financial asset to be in default when:

> the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
> the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Trade receivables are written off if the debtor is in severe financial difficulty or if the amount is over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables, including settlement balances and deposits paid for securities borrowed, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

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.

3. Summary of significant accounting policies continued

(j) Financial instruments continued

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in 'other gains and losses' in profit or loss.

Financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

(k) Derivative financial instruments

Derivative financial instruments, such as foreign currency contracts and interest rate swaps, are entered into by the Group in order to manage its exposure to interest rate and foreign currency fluctuations or as simultaneous back-to-back transactions with counterparties. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than twelve months and is not expected to be realised or settled within twelve months.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

3. Summary of significant accounting policies continued

(l) Hedge accounting

Derivatives designated as hedges are either 'fair value hedges' or 'hedges of net investments in foreign operations'.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in other comprehensive income and accumulated in the hedging and translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in financial income or financial expense respectively.

Gains and losses deferred in the hedging and translation reserve are recognised in profit or loss on disposal of the foreign operation.

(m) Settlement balances and stock lending

Certain Group companies engage in Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions are primarily on a delivery vs payment basis ('DVP') and typically take place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

The Group acts as an intermediary between its customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due to and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned.

The Group undertakes Matched Principal broking involving simultaneous back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at fair value through profit or loss ('FVTPL') and are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

(n) Restricted funds, Cash and cash equivalents

Cash comprises cash in hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short term highly liquid investments with a maturity of less than three months from the date of acquisition. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The Group holds money, and occasionally financial instruments, on behalf of customers (client monies) in accordance with local regulatory rules. Since the Group is not beneficially entitled to these amounts, they are excluded from the Consolidated Balance Sheet along with the corresponding liabilities to customers.

Restricted funds comprise cash held with a central counterparty clearing house ('CCP'), or a financial institution providing the Group with access to a CCP, and funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method Amortised cost is calculated taking into account any issue costs and any discounts or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

(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.

3. Summary of significant accounting policies continued

(q) Foreign currencies continued

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Gains and losses arising from the settlement of these transactions, and from the retranslation of monetary assets and liabilities denominated in currencies other than the functional currency at rates prevailing at the balance sheet date, are recognised in the income statement. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at historical cost or fair value are translated at the exchange rate at the date of the transaction or at the date the fair value was determined.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the year in which the operation is disposed of. Income and expense items are translated at average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used.

(r) Taxation

The tax expense represents the sum of current tax payable arising in the year, movements in deferred tax and movements in tax provisions. The tax expense includes any interest and penalties payable.

The current tax payable arising in the year is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences may be utilised. Temporary differences are not recognised if they arise from goodwill or from initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled or when the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

(s) Leases

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(t) Retirement benefit costs

Defined contributions made to employees' personal pension plans are charged to the income statement as and when incurred

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the year in which they occur. They are recognised outside the income statement and are presented in other comprehensive income.

Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs.

The amount recognised in the balance sheet represents the net of the present value of the defined benefit obligation as adjusted for actuarial gains and losses and past service cost, and the fair value of plan assets. The Trust Deed provides the Group with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, 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 is recognised in full.

(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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

3. Summary of significant accounting policies continued

(u) Share-based payments continued

The estimated fair value of shares granted is based on the share price at grant date, reduced where shares do not qualify for dividends during the vesting period. Market-based performance conditions for equity-settled payments are reflected in the initial fair value of the award.

(v) Treasury shares

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

(w) Accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period an estimate is revised.

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

Provisions and contingent liabilities

Provisions are established by the Group based on management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Judgement is required as to whether a present obligation exists and in estimating the probability, timing and amount of any outflows. Judgement is also required as to when contingent liabilities become disclosable. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount initially provided will impact profit or loss in the period the outcome is determined. Estimating potential legal outcomes is also a significant area of estimation uncertainty. Note 24 and Note 33 provide details of the Group's provisions and contingent liabilities.

Presentation of the Income Statement

The Group maintains a columnar format for the presentation of its Consolidated Income Statement. The columnar format enables the Group to continue its practice of aiding the understanding of its results by presenting its underlying profit separate from items relating to acquisition, disposal and integration costs, and exceptional items. Judgement is required to ensure that profit or loss items are appropriately and consistently classified and that their classification and description correctly reflects the presentational objectives of the Group. Note 5 provides details of the items separately presented in the Group's Income Statement.

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

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise for the cash-generating unit, the selection of suitable discount rates and the estimation of future growth rates. During the year goodwill has been impaired by £65m. Note 13 describes the assumptions used together with an analysis of the sensitivity to reasonably possible changes in key assumptions.

4. Segmental analysis

Products and services from which reportable segments derive their revenues

The Group is organised by geographic reporting segments which are used for the purposes of resource allocation and assessment of segmental performance by Group management. These are the Group's reportable segments under IFRS 8 'Operating Segments'.

Revenue arising in each geographic reportable segment is derived from four business divisions: Global Broking, Energy & Commodities, Institutional Services, and Data & Analytics.

Information regarding the Group's operating segments is reported below.

Analysis by geographic segment

	2018 £m	2017 £m
Revenue		
EMEA	**886**	877
Americas	**636**	628
Asia Pacific	**241**	252
	1,763	1,757
Operating profit		
EMEA	**173**	170
Americas	**81**	64
Asia Pacific	**22**	29
Underlying operating profit	**276**	263
Acquisition, disposal and integration costs (Note 5)	**(160)**	(127)
Exceptional items (Note 5)	**(23)**	(34)
Reported operating profit	**93**	102
Finance income	**5**	6
Finance costs	**(36)**	(36)
Profit before tax	**62**	72
Taxation	**(39)**	3
Profit after tax	**23**	75
Share of results of associates and joint ventures	**12**	12
Profit for the year	**35**	87

There are no inter-segment sales included in segment revenue.

TP ICAP plc is domiciled in the UK Revenue attributable to the UK amounted to £828m (2017: £795m) and the total revenue from other countries was £935m (2017: £962m).

Other segmental information

	2018 £m	2017 £m
Capital additions		
EMEA – UK	**33**	28
Americas	**34**	10
Asia Pacific	**6**	3
	73	41

	2018 £m	2017 £m
Depreciation and amortisation		
EMEA – UK	**24**	27
EMEA – Other	**2**	2
Americas	**11**	10
Asia Pacific	**2**	2
	39	41

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

4. Segmental analysis continued

	2018 £m	2017 £m
Share-based compensation		
EMEA – UK (including £nil relating to acquisitions and integration (2017: £14m))	3	16
Americas	1	2
Asia Pacific	1	1
	5	19

	Non-current £m	Current £m	2018 £m	2017 £m
Segment assets				
EMEA – UK	1,130	3,049	4,179	6,006
EMEA – Other	35	75	110	191
Americas	556	20,317	20,873	30,805
Asia Pacific	194	157	351	350
	1,915	23,598	25,513	37,352
Unallocated goodwill arising on acquisitions (Note 13)	–	–	–	21
	1,915	23,598	25,513	37,373

	Non-current £m	Current £m	2018 £m	2017 £m
Segment liabilities				
EMEA – UK	324	2,766	3,090	4,936
EMEA – Other	33	62	95	176
Americas	269	20,072	20,341	30,278
Asia Pacific	92	65	157	150
	718	22,965	23,683	35,540

Segment assets and liabilities exclude all inter-segment balances.

Analysis by business division

	2018 £m	2017 £m
Revenue		
– Rates	547	528
– Credit	101	117
– FX & Money Markets	207	218
– Emerging Markets	213	225
– Equities	210	182
Global Broking	1,278	1,270
Energy & Commodities	331	343
Institutional Services	37	32
Data & Analytics	117	112
	1,763	1,757

In respect of contracts for the provision Data & Analytics, the Group has applied the practical expedient in IFRS 15, allowing for the non-disclosure of both the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount. In relation to these contracts the Group has a right that corresponds directly with the value of the Group's performance completed.

5. Administrative expenses

	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	Total £m
2018				
Broker compensation costs	**859**	**–**	**–**	**859**
Other staff costs	**237**	**22**	**–**	**259**
Other share-based payment charge	**5**	**–**	**–**	**5**
Charge relating to employee long-term benefits	**–**	**–**	**2**	**2**
Employment costs (Note 7)	**1,101**	**22**	**2**	**1,125**
Technology and related costs	**146**	**–**	**–**	**146**
Premises and related costs	**52**	**1**	**14**	**67**
Amortisation of other intangible assets (Note 14)	**25**	**1**	**–**	**26**
Depreciation of property, plant and equipment (Note 15)	**10**	**–**	**3**	**13**
Amortisation of intangible assets arising on consolidation (Note 13)	**–**	**40**	**–**	**40**
Impairment of intangible assets arising on consolidation (Note 13)	**–**	**65**	**–**	**65**
Impairment of associate	**–**	**3**	**–**	**3**
Adjustments to deferred consideration	**–**	**5**	**–**	**5**
Net change relating to legal settlements	**–**	**–**	**3**	**3**
Acquisition costs	**–**	**3**	**–**	**3**
Other administrative costs	**164**	**20**	**1**	**185**
	1,498	**160**	**23**	**1,681**
2017				
Broker compensation costs	828	–	32	860
Other staff costs	237	35	–	272
Acquisition related share-based payment charge	–	9	–	9
Other share-based payment charge	5	5	–	10
Charge relating to employee long-term benefits	–	–	2	2
Employment costs (Note 7)	1,070	49	34	1,153
Technology and related costs	149	1	–	150
Premises and related costs	49	2	–	51
Amortisation of other intangible assets (Note 14)	25	4	–	29
Depreciation of property, plant and equipment (Note 15)	12	–	–	12
Amortisation of intangible assets arising on consolidation (Note 13)	–	40	–	40
Adjustments to deferred consideration	–	(1)	–	(1)
Acquisition costs	–	1	–	1
Other administrative costs	204	32	–	236
	1,509	128	34	1,671

Net foreign exchange gains of £1m (2017: gain £1m) are included in 'other administrative costs'.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

5. Administrative expenses continued

Acquisition, disposal and integration costs comprise:

	2018 £m	2017 £m
ICAP integration costs		
– Employee related costs	**22**	35
– Share-based payment charge	**–**	5
– Premises and technology costs	**1**	3
– Amortisation of other intangible assets	**1**	4
– Other administrative costs	**20**	32
	44	79
Acquisition and disposal costs		
– Acquisition costs	**3**	1
– Acquisition related share-based payment charge	**–**	9
– Amortisation of intangible assets arising on consolidation	**40**	40
– Impairment of intangible assets arising on consolidation	**65**	–
– Impairment of associate	**3**	–
– Adjustments to acquisition consideration (Note 30(d))	**5**	(1)
	160	128
Other income	**–**	(1)
	160	127
Taxation	**(20)**	(54)
	140	73

Exceptional items comprise:

	2018 £m	2017 £m
Charge relating to business reorganisation	**18**	–
Charge relating to cost improvement programmes	**–**	32
Charge relating to employee long-term benefits	**2**	2
Net charge relating to legal settlements	**3**	–
	23	34
Taxation	**(4)**	(10)
	19	24

The analysis of auditor's remuneration is as follows:

	2018 £000	2017 £000
Audit of the Group's annual accounts	**448**	435
Audit of the Company's subsidiaries and associates pursuant to legislation	**4,917**	4,222
Total audit fees	**5,365**	4,657
Audit related assurance services[1]	**1,239**	999
Other assurance services[2]	**88**	77
Taxation compliance services	**–**	–
Other taxation advisory services	**–**	–
Corporate finance services	**–**	–
Total non-audit fees	**1,327**	1,076
Audit fees payable to the Company's auditor and its associates in respect of associated pension schemes	**18**	18

1 Audit related assurance services relate to services required by law or regulation, assurance on regulatory returns and review of interim financial information

2 Other assurance services relate to non-statutory audits and other permitted assurance services.

6. Other operating income

Other operating income represents receipts such as rental income, royalties, insurance proceeds, settlements from competitors and business relocation grants. 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:

	2018 No.	2017 No.
EMEA	**2,216**	2,338
Americas	**1,576**	1,674
Asia Pacific	**1,042**	1,116
	4,834	5,128

The aggregate employment costs of staff and Directors were:

	2018 £m	2017 £m
Wages, salaries, bonuses and incentive payments	**1,022**	1,039
Social security costs	**83**	82
Defined contribution pension costs (Note 35(c))	**15**	13
Acquisition related share-based payment charge	**–**	9
Other share-based compensation expense	**5**	10
	1,125	1,153

8. Finance income

	2018 £m	2017 £m
Interest receivable and similar income	**4**	3
Deemed interest arising on the defined benefit pension scheme surplus (Note 35)	**1**	3
	5	6

9. Finance costs

	2018 £m	2017 £m
Interest and fees payable on bank facilities	**4**	4
Interest payable on Sterling Notes June 2019	**4**	4
Interest payable on Sterling Notes January 2024	**26**	24
Other interest payable	**1**	1
Amortisation of debt issue and bank facility costs	**1**	3
Total borrowing costs	**36**	36

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

10. Taxation

	2018 £m	2017 £m
Current tax		
UK corporation tax	**23**	19
Overseas tax	**17**	13
Prior year UK corporation tax	**(2)**	–
Prior year overseas tax	**–**	(3)
	38	29
Deferred tax (Note 20)		
Current year	**1**	(32)
Prior year	**–**	–
	1	(32)
Tax charge/(credit) for the year	**39**	(3)

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

	Underlying £m	Acquisition, disposal and integration costs £m	Exceptional items £m	2018 £m	2017 £m
Profit before tax	**245**	**(160)**	**(23)**	**62**	72
Tax based on the UK corporation tax rate of 19.0% (2017: 19.25%)	**46**	**(30)**	**(4)**	**12**	14
Tax effect of items that are not deductible:					
– expenses	**6**	**2**	**1**	**9**	9
– impairment of intangible assets arising on consolidation	**–**	**13**	**–**	**13**	–
Prior year adjustments	**(2)**	**–**	**–**	**(2)**	(3)
Impact of tax rate change	**–**	**–**	**–**	**–**	(24)
Impact of overseas tax rates	**13**	**(5)**	**(1)**	**7**	1
Tax charge/(credit) for the year	**63**	**(20)**	**(4)**	**39**	(3)

The UK corporation tax rate for 2018 is 19.0% (2017: 19.25%).

The impact of tax rate change in 2017 of £24m relates to a reduction in the deferred tax liability that was recognised in relation to the intangible assets of £636m that arose on acquisition of ICAP, due to the reduction in the US federal rate of tax (Note 20)

In addition to the income statement charge, the following current and deferred tax items have been included in other comprehensive income and equity:

	Recognised in other comprehensive income £m	Recognised in equity £m	Total £m
2018			
Deferred tax credit relating to:			
– Decrease in the defined benefit pension scheme surplus	**(1)**	**–**	**(1)**
– Other timing differences	**–**	**(1)**	**(1)**
Tax credit on items taken directly to other comprehensive income and equity	**(1)**	**(1)**	**(2)**
2017			
Deferred tax credit relating to:			
– Decrease in the defined benefit pension scheme surplus	(16)	–	(16)
Tax credit on items taken directly to other comprehensive income and equity	(16)	–	(16)

11. Earnings per share

	2018	2017
Basic – underlying	**34.2p**	33.3p
Diluted – underlying	**33.9p**	32.7p
Basic earnings per share	**5.7p**	15.8p
Diluted earnings per share	**5.7p**	15.5p

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

	2018 No.(m)	2017 No.(m)
Basic weighted average shares	**558.5**	551.8
Contingently issuable shares	**5.6**	10.9
Diluted weighted average shares	**564.1**	562.7

The earnings used in the calculation of underlying, basic and diluted earnings per share are set out below:

	2018 £m	2017 £m
Earnings for the year	**35**	87
Non-controlling interests	**(3)**	–
Earnings	**32**	87
Acquisition, disposal and integration costs (Note 5)	**160**	127
Exceptional items (Note 5)	**23**	34
Taxation (Note 10)	**(24)**	(64)
Underlying earnings	**191**	184

12. Dividends

	2018 £m	2017 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2017 of 11.25p per share	**63**	–
Interim dividend for the year ended 31 December 2018 of 5.6p per share	**31**	–
Second interim dividend for the year ended 31 December 2016 of 11.25p per share	**–**	27
Interim dividend for the year ended 31 December 2017 of 5.6p per share	**–**	31
	94	58

In respect of the current year, the Directors propose a final dividend of 11.25p per share amounting to £63m which will be paid on 21 May 2019 to all shareholders that are on the Register of Members on 5 April 2019. This dividend has not been included as a liability in these Financial Statements.

The Trustees of the TP ICAP plc Employee Benefit Trust (formerly the Tullett Prebon plc Employee Benefit Trust 2007) have waived their rights to dividends.

Notes to the Consolidated Financial Statements continued

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13. Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
At 1 January 2018	**1,052**	**590**	**1,642**
Recognised on acquisitions	**31**	**2**	**33**
Remeasurement period adjustments	**(2)**	**2**	**-**
Amortisation of acquisition related intangibles	**–**	**(40)**	**(40)**
Impairment of acquisition related intangibles	**(65)**	**–**	**(65)**
Effect of movements in exchange rates	**14**	**10**	**24**
At 31 December 2018	**1,030**	**564**	**1,594**
At 1 January 2017	1,066	646	1,712
Recognised on acquisitions	21	3	24
Amortisation of acquisition related intangibles	–	(40)	(40)
Effect of movements in exchange rates	(35)	(19)	(54)
At 31 December 2017	1,052	590	1,642

Other intangible assets at 31 December 2018 represent customer relationships, £543m (2017: £561m), business brands and trade marks, £16m (2017: £21m), and other intangibles, £5m (2017: £8m) that arise through business combinations. Customer relationships are being amortised between 10 and 20 years.

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

	2018 £m	2017 £m
CGU		
EMEA	**654**	644
Americas	**281**	284
Asia Pacific	**95**	103
Goodwill allocated to CGUs	**1,030**	1,031
Unallocated goodwill	**–**	21
	1,030	1,052

The allocation of goodwill arising on the acquisition of COEX (Note 30(c)) has been completed during 2018. This has been allocated to the regional operating segments that are expected to benefit from the synergies of the combination.

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').

CGUs, to which goodwill has been allocated, are tested for impairment at least annually. During the year the Group undertook impairment assessments as at 30 June and as at 31 December, triggered as a result of changes in expected CGU cash flows. Determining whether goodwill is impaired requires an estimation of the recoverable amount of each group of CGUs. The recoverable amount is the higher of its value in use ('VIU') or its fair value less cost of disposal ('FVLCD'). VIU is a pre-tax valuation, using pre-tax cash flows and pre-tax discount rates which is compared to the pre-tax carrying value of the CGU, whereas FVLCD is a post-tax valuation, using post-tax cash flows, post-tax discount rates and other post-tax observable valuation inputs, which is compared to a post-tax carrying value of the CGU.

The key assumptions for the VIU calculations are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future 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 2018 the recoverable amount for each CGU was based on their VIU. Growth rates on underlying revenue, equating to a 1% compound annual growth rate over the five year projected period, were used for all CGUs, with pre tax discount rates of 13.4% for EMEA, 16.7% for Americas and 14.8% for Asia Pacific. As a result, the recoverable amount for the Americas CGU was estimated to be lower than its carrying value by £58m and was impaired by this amount. At that time both the Americas and Asia Pacific CGUs were sensitive to reasonably possible changes in the VIU assumptions.

13. Intangible assets arising on consolidation continued

As at 31 December 2018 the recoverable amount for each CGU was based on their VIU. Growth rates on underlying revenue, equating to a 1.2% compound annual growth rate over the five year projected period, were used for all CGUs, with pre-tax discount rates of 12 7% for EMEA, 15.5% for Americas and 14.1% for Asia Pacific. As a result, the recoverable amount for the Asia Pacific CGU was estimated to be lower than its carrying value by £7m and has been impaired by this amount.

As at 31 December 2017 the recoverable amounts for each CGU were based on their FVLCD, using the Income Approach, as the difference between each CGU's recoverable amount and their carrying value was greater on this basis than that under the CGU's VIU calculation. The key assumptions for the Income Approach are those regarding expected cash flows arising in future periods, regional growth rates and the discount rates. Future projections were based on financial budgets considered by the Board which were used to project cash flows for the next seven years. After this period a steady state cash flow was used to derive a terminal value for the CGU. Annual growth rates of 1.5% were used for all CGUs with discount rates of 11% for EMEA, 12% for Americas and 13.5% for Asia Pacific. Under this valuation approach each CGU had a FVLCD in excess of its carrying value. Under this approach Americas and Asia Pacific were sensitive to reasonably possible changes in assumptions.

As at 31 December 2018 both the Americas and Asia Pacific CGUs are sensitive to reasonably possible changes in the VIU assumptions The recoverable amount for Americas exceeded its carrying value by £79m which reduces to £nil if, over the projected period, compound annual growth rates fall to nil%, or if the discount rate is increased to 18%. Further impairment of the Asia Pacific CGU would be required if there are changes in the applicable assumptions. A reduction in the compound growth rate over the period by 0.3% would increase the impairment charge by £10m and a 1% increase in the discount rate would increase the charge by £11m. The impact on future cash flows resulting from falling growth rates does not reflect any management actions that would be taken under such circumstances.

14. Other intangible assets

	Purchased software £m	Developed software £m	Total £m
Cost			
At 1 January 2018	**18**	**112**	**130**
Additions	**6**	**20**	**26**
Amounts derecognised	**(1)**	**(10)**	**(11)**
Effect of movements in exchange rates	**-**	**3**	**3**
At 31 December 2018	**23**	**125**	**148**
Accumulated amortisation			
At 1 January 2018	**(9)**	**(52)**	**(61)**
Charge for the year	**(4)**	**(22)**	**(26)**
Amounts derecognised	**1**	**10**	**11**
Effect of movements in exchange rates	**(2)**	**(1)**	**(3)**
At 31 December 2018	**(14)**	**(65)**	**(79)**
Carrying amount			
At 31 December 2018	**9**	**60**	**69**
Cost			
At 1 January 2017	19	99	118
Additions	-	26	26
Amounts derecognised	(1)	(10)	(11)
Effect of movements in exchange rates	-	(3)	(3)
At 31 December 2017	18	112	130
Accumulated amortisation			
At 1 January 2017	(6)	(39)	(45)
Charge for the year	(5)	(24)	(29)
Amounts derecognised	1	9	10
Effect of movements in exchange rates	1	2	3
At 31 December 2017	(9)	(52)	(61)
Carrying amount			
At 31 December 2017	9	60	69

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15. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture, fixtures, equipment and motor vehicles £m	Total £m
Cost			
At 1 January 2018	**36**	**72**	**108**
Additions	**31**	**16**	**47**
Disposals	**(17)**	**(12)**	**(29)**
Effect of movements in exchange rates	**4**	**3**	**7**
At 31 December 2018	**54**	**79**	**133**
Accumulated depreciation			
At 1 January 2018	**(20)**	**(50)**	**(70)**
Charge for the year	**(6)**	**(7)**	**(13)**
Disposals	**17**	**12**	**29**
Effect of movements in exchange rates	**(2)**	**(3)**	**(5)**
At 31 December 2018	**(11)**	**(48)**	**(59)**
Carrying amount			
At 31 December 2018	**43**	**31**	**74**
Cost			
At 1 January 2017	38	68	106
Additions	2	13	15
Disposals	(1)	(5)	(6)
Effect of movements in exchange rates	(3)	(4)	(7)
At 31 December 2017	36	72	108
Accumulated depreciation			
At 1 January 2017	(19)	(51)	(70)
Charge for the year	(4)	(8)	(12)
Disposals	1	5	6
Effect of movements in exchange rates	2	4	6
At 31 December 2017	(20)	(50)	(70)
Carrying amount			
At 31 December 2017	16	22	38

No assets are held under finance leases.

16. Investment in associates

	2018 £m	2017 £m
At 1 January	**52**	52
Additions	**2**	1
Disposals	**(1)**	-
Impairment	**(3)**	-
Share of profit for the year	**8**	9
Dividends received	**(7)**	(8)
Effect of movements in exchange rates	**2**	(2)
At 31 December	**53**	52
Summary financial information for associates		
Aggregated amounts (for associates at the year end):		
Total assets	**261**	250
Total liabilities	**(95)**	(92)
Net assets	**166**	158
Proportion of Group's ownership interest	**51**	47
Goodwill	**2**	5
Carrying amount of Group's ownership interest	**53**	52
Aggregated amounts (for associates during the year):		
Revenue	**201**	203
Profit for the year	**25**	28
Group's share of profit for the year	**8**	9
Dividends received from associates during the year	**7**	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 and operation	Associated undertakings	Percentage held
Bahrain	ICAP (Middle East) W.L.L.	49%
China	Tullett Prebon SITICO (China) Limited	33%
England	Glia Ecosystems Limited	20%
	Zodiac Seven Limited	35%
India	Tullett Prebon (India) Limited[1] (formerly Prebon Yamane (India) Limited)	48%
	ICAP IL India Private Limited[1]	40%
Japan	Totan ICAP Co., Ltd[1]	40%
	Central Totan Securities Co. Ltd[1]	20%
Malaysia	Amanah Butler Malaysia Sdn Bhd	32.1%
Spain	Corretaje e Informacion Monetaria y de Divisas SA	21.5%
United States	First Brokers Securities LLC[1]	40%

1 31 March year end

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for the year ended 31 December 2018

17. Investment in joint ventures

	2018 £m	2017 £m
At 1 January	**24**	28
Share of result for the year	**4**	3
Dividends received	**(3)**	(5)
Effect of movements in exchange rates	**1**	(2)
At 31 December	**26**	24
Summary financial information for joint ventures		
Aggregated amounts (for joint ventures at the year end):		
Total assets	**21**	17
Total liabilities	**(6)**	(5)
Net assets	**15**	12
Proportion of Group's ownership interest	**7**	5
Goodwill	**19**	19
Carrying amount of Group's ownership interest	**26**	24
Aggregated amounts (for joint ventures during the year):		
Revenue	**14**	14
Result for the year	**7**	6
Group's share of result for the year	**4**	3
Dividends received from joint ventures during the year	**3**	5

Interests in joint ventures are measured using the equity method. All joint ventures are involved in broking activities and have a 31 December year end. No individual joint venture is material to the Group.

Country of incorporation and operation	Joint ventures	Percentage held
Colombia	SET-ICAP FX SA	47.9%
	SET-ICAP Securities S.A.	47.4%
England	tpSynrex Ltd	50%
Mexico	SIF ICAP, S.A. de C.V.	50%

18. Other investments

	2018 £m	2017 £m
At 1 January	**19**	23
Disposals	**(7)**	(4)
Revaluation of equity instruments at FVTOCI	**7**	–
Effect of movements in exchange rates	**1**	–
At 31 December	**20**	19
Categorisation of other investments:		
Debt instruments at FVTOCI – corporate debt securities	**2**	–
Available-for-sale – corporate debt securities	**–**	2
Equity instruments at FVTOCI	**18**	–
Available-for-sale – equity instruments	**–**	17
	20	19

The fair values are based on valuations as disclosed in Note 26(i). Equity instruments comprise securities that do not qualify as associates or joint ventures.

19. Financial investments

	2018 £m	2017 £m
Debt instruments at FVTOCI – Government debt securities	**84**	–
Available-for-sale – Government debt securities	**–**	86
Investments at amortised cost		
– Term deposits	**37**	41
– Restricted funds	**12**	12
	133	139

Debt instruments and term deposits are liquid instruments held with financial institutions and central counterparty clearing houses ('CCP') providing the Group with access to clearing services. Restricted funds comprise cash held with financial institutions and CCP's together with funds set aside for regulatory purposes. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

20. Deferred tax

	2018 £m	2017 £m
Deferred tax assets	**4**	2
Deferred tax liabilities	**(123)**	(116)
	(119)	(114)

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

	2018 £m	2017 £m
At 1 January	**(114)**	(170)
Credit to equity on initial application of IFRS 9 (Note 2(e))	**1**	–
(Charge)/credit to income for the year	**(1)**	32
Credit to other comprehensive income for the year	**1**	16
Recognised with acquisitions	**(1)**	2
Effect of movements in exchange rates	**(5)**	6
At 31 December	**(119)**	(114)

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20. Deferred tax continued

Deferred tax balances and movements thereon are analysed as:

	At 1 January £m	Recognised in equity £m	Recognised in profit or loss £m	Recognised in other comprehensive income £m	Recognised with acquisitions £m	Effect of movements in exchange rates £m	At 31 December £m
2018							
Share-based payment awards	**2**	**–**	**1**	**–**	**–**	**–**	**3**
Defined benefit pension scheme	**(20)**	**–**	**–**	**1**	**–**	**–**	**(19)**
Tax losses	**2**	**–**	**3**	**–**	**–**	**–**	**5**
Bonuses	**16**	**–**	**(15)**	**–**	**–**	**–**	**1**
Intangible assets arising on consolidation	**(119)**	**–**	**10**	**–**	**(1)**	**(4)**	**(114)**
Other timing differences	**5**	**1**	**–**	**–**	**–**	**(1)**	**5**
	(114)	**1**	**(1)**	**1**	**(1)**	**(5)**	**(119)**
2017							
Share-based payment awards	2	–	–	–	–	–	2
Defined benefit pension scheme	(33)	–	(3)	16	–	–	(20)
Tax losses	–	–	2	–	–	–	2
Bonuses	19	–	(3)	–	–	–	16
Intangible assets arising on consolidation	(160)	–	34	–	–	7	(119)
Other timing differences	2	–	2	–	2	(1)	5
	(170)	–	32	16	2	6	(114)

At the balance sheet date, the Group has gross unrecognised temporary differences of £119m with the unrecognised net tax amount being £25m (2017: gross £133m and net tax £29m respectively). This includes gross tax losses of £97m with the net tax amount being £19m (2017: gross £119m and net tax £27m respectively), which are potentially available for offset against future profits. Of the unrecognised gross losses £48m (2017: £83m) are expected to expire within 20 years and £49m (2017: £36m) have no expiry. Deferred tax assets have not been recognised in respect of these items since it is not probable that future taxable profits will arise against which the temporary differences may be utilised.

A deferred tax asset of £5m (2017: £2m) in respect of tax losses has been recognised as at 31 December 2018 as it was considered probable that future tax profits should arise.

In 2017, the deferred tax liability relating to intangible assets arising on consolidation was reduced by £34m, £24m due to the reduction in the US federal rate of tax, and £10m relating to amortisation of intangible assets.

No deferred tax has been recognised on temporary differences associated with unremitted earnings of subsidiaries as the Group is able to control the timing of distributions and overseas dividends are largely exempt from UK tax. As at the balance sheet date, the Group had unrecognised deferred tax liabilities of £2m (2017: £2m) in respect of unremitted profits of subsidiaries of £27m (2017: £23m).

21. Trade and other receivables

	2018 £m	2017 £m
Non-current receivables		
Other debtors	**20**	19
Current receivables		
Trade receivables	**283**	258
Settlement balances	**21,487**	33,640
Deposits paid for securities borrowed	**900**	681
Derivatives at FVTPL	**3**	12
Financial assets	**22,673**	34,591
Other debtors	**18**	13
Prepayments	**90**	71
Accrued income	**10**	9
Corporation tax	**3**	2
Owed by associates and joint ventures	**4**	4
	22,798	34,690

The Directors consider that the carrying amount of trade and other receivables which are not held at fair value through profit or loss approximate to their fair values. No interest is charged on outstanding trade receivables.

For the year ended 31 December 2018 the Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix by region. As the Group's historical credit loss experience does not show significantly different loss patterns for different regional customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Trade receivables	Total £m	Not past due £m	Less than 30 days past due £m	31 – 60 days past due £m	61 – 90 days past due £m	Greater than 91 days past due £m
2018						
EMEA	**141**	**54**	**34**	**16**	**10**	**27**
Americas	**104**	**49**	**22**	**12**	**7**	**14**
Asia Pacific	**49**	**16**	**11**	**6**	**3**	**13**
Gross balances outstanding	**294**	**119**	**67**	**34**	**20**	**54**
Expected credit loss rate		**%**	**%**	**%**	**%**	**%**
EMEA		**1.67**	**2.37**	**3.62**	**3.99**	**13.63**
Americas		**0.53**	**1.12**	**1.58**	**1.63**	**10.28**
Asia Pacific		**0.85**	**1.51**	**2.28**	**3.39**	**13.05**
Lifetime ECL	**(11)**					
	283					
2017						
EMEA	136	55	31	14	10	26
Americas	88	49	14	6	8	11
Asia Pacific	40	15	8	4	4	9
Gross balances outstanding (restated)[1]	264	119	53	24	22	46
Loss allowance	(6)					
	258					

1 The ageing for 2017 has been restated. Amounts not past due have been reduced by £11m, with increases of £6m in 'less than 30 days past due', £1m in '31-60 days past due', £2m in '61-90 days past due' and £2m in 'greater than 90 days past due'.

The Group adopted IFRS 9 on 1 January 2018 and on transition recognised an additional loss allowance of £4m, increasing the loss allowance to £10m, reflecting the measurement of ECLs at that date (Note 2(e)).

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21. Trade and other receivables continued

As at 31 December 2018 settlement balances that were due and those that were past due were as follows:

Settlement balances	Total £m	Not past due £m	Less than 90 days past due £m	Greater than 91 days past due £m
2018				
EMEA	**2,387**	**1,605**	**779**	**3**
Americas	**19,100**	**18,960**	**140**	**–**
Total	**21,487**	**20,565**	**919**	**3**
2017				
EMEA	4,429	3,939	490	–
Americas	29,211	29,006	205	–
Total (restated)[1]	33,640	32,945	695	–

1 The ageing for 2017 has been restated. Amounts not past due have been reduced by £403m with a corresponding increase in amounts 'less than 90 days past due'

Settlement balances arise on Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions is primarily on a delivery vs payment basis ('DVP') and typically take place within a few business days of the transaction date according to the relevant market rules and conventions The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a netting agreement (Note 26(d)), which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously. The above analysis reflects only the receivable side of such transactions. Corresponding payable amounts are shown in Note 22 '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 2018, the provision for expected credit losses amounted to less than £1m.

Deposits paid for securities borrowed arise on collateralised stock lending transactions Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The above analysis reflects the receivable side of such transactions. Corresponding deposits received for securities loaned are shown in Note 22 '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 2018, the provision for expected credit losses amounted to less than £1m.

Derivatives at FVTPL arise on simultaneous back-to-back derivative transactions with counterparties. The above analysis reflects only the asset side of such transactions. Corresponding liability amounts are shown in Note 22 'Trade and other payables'.

22. Trade and other payables

	2018 £m	2017 £m
Trade payables	**19**	14
Settlement balances	**21,451**	33,622
Deposits received for securities loaned	**907**	687
Derivatives at FVTPL	**3**	12
Deferred consideration (Note 30(d))	**15**	12
Financial liabilities	**22,395**	34,347
Tax and social security	**27**	34
Other creditors	**20**	15
Accruals	**289**	281
Deferred income	**2**	2
Owed to associates and joint ventures	**2**	2
	22,735	34,681

The Directors consider that the carrying amount of trade and other payables which are not held at fair value through profit or loss approximate to their fair values.

23. *Interest bearing loans and borrowings*

	Less than one year £m	Greater than one year £m	Total £m
2018			
Bank loans	**52**	**–**	**52**
Sterling Notes June 2019	**80**	**–**	**80**
Sterling Notes January 2024	**12**	**498**	**510**
	144	**498**	**642**
2017			
Sterling Notes June 2019	–	80	80
Sterling Notes January 2024	12	497	509
	12	577	589

All amounts are denominated in Sterling and are stated after unamortised transaction costs. An analysis of borrowings by maturity has been disclosed in Note 26(f).

Bank credit facilities and bank loans

In December 2018 the Group cancelled its £250m committed revolving credit facility, that would have matured in April 2020, and entered into a new £270m committed revolving credit facility maturing in December 2021. 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 2018, the Group had £52m (2017: £nil) drawn down against the £270m revolving credit facility. Amounts drawn down are reported as bank loans in the above table. £27m is repayable in January 2019 and £25m in February 2019. The carrying amount of bank loans approximated to their carrying fair value.

Interest and facility fees of £4m were incurred in 2018.

Sterling Notes Due June 2019

In December 2012 £80m Sterling Notes, due June 2019, were issued. The Notes have a coupon of 5.25% paid semi-annually At 31 December 2018 their fair value (Level 1) was £81m (2017: £84m).

Sterling Notes Due January 2024

In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2018 their fair value (Level 1) was £468m (2017: £533m). Accrued interest at 31 December 2018 amounted to £12m (2017: £12m) Issue costs of £3m were incurred in 2017.

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24. Provisions

	Property £m	Restructuring £m	Legal and other £m	Total £m
2018				
At 1 January 2018	**5**	**27**	**29**	**61**
Charge to income statement	**11**	**10**	**7**	**28**
Utilisation of provision	**(2)**	**(27)**	**–**	**(29)**
Effect of movements in exchange rates	**–**	**–**	**1**	**1**
At 31 December 2018	**14**	**10**	**37**	**61**
2017				
At 1 January 2017	9	5	29	43
(Released)/charge to income statement	(2)	32	1	31
Utilisation of provision	(2)	(10)	(1)	(13)
Effect of movements in exchange rates	–	–	–	–
At 31 December 2017	5	27	29	61

	2018 £m	2017 £m
Included in current liabilities	**31**	42
Included in non-current liabilities	**30**	19
	61	61

Property provisions outstanding as at 31 December 2018 relate to provisions in respect of onerous leases and building dilapidations. The onerous lease provision represents the net present value of the future rental cost net of expected sub-lease income. These leases expire in one to eight years (2017: one to nine years). The building dilapidations provision represents the estimated cost of making good dilapidations and disrepair on various leasehold buildings. The leases expire in one to 16 years.

Restructuring provisions outstanding as at 31 December 2018 relate to termination and other employee related costs. The movement during the year reflects the actions taken under the Group's integration of ICAP and other business reorganisations. It is expected that the remaining obligations will be discharged during 2019.

Legal and other provisions include provisions for legal claims brought against subsidiaries of the Group together with provisions against obligations for certain long-term employee benefits and non-property related onerous contracts. At present the timing and amount of any payments are uncertain and provisions are subject to regular review. It is expected that the obligations will be discharged over the next 25 years.

In February 2015 the European Commission imposed a fine of £13m (€15m) on ICAP Europe Limited ('IEL') for alleged competition violations in relation to the involvement of certain of IEL's brokers in the attempted manipulation of Yen LIBOR by bank traders between October 2006 and January 2011. While this matter relates to alleged conduct violations prior to completion of the Group's acquisition of the ICAP global broking business, the Company notes 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 IEL served its reply during April 2018. Written submissions for the appeal process have now closed. A decision from the Courts of Justice of the European Union is unlikely to be received until the second quarter of 2019. During the period, the amount provided for in respect of this matter has been reduced from £13m (€15m) to £9m (€10m) reflecting the Group's current estimate of the liability.

In June 2018, the Company recorded an exceptional legal provision in the amount of £8m (US$10m) in connection with an ongoing regulatory investigation into its subsidiary, Tullett Prebon Americas Corp. ('TPAC'), relating to alleged broker conduct on the TPAC USD Medium Term Interest Rate Swaps desk in 2013 and 2014. Based upon currently available information, the Company believes that the outcome of the investigation will not, in aggregate, have a material adverse effect on the Company's financial condition. In light of the inherent uncertainties of such proceedings, however, including those that may be brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period depending in part upon the operating results for such period

25. Other long term payables

	2018 £m	2017 £m
Accruals and deferred income	**38**	24
Deferred consideration (Note 30(d))	**26**	19
	64	43

Accruals and deferred income includes deferred leasehold rental accruals that build up during rent free periods which are subsequently utilised over the rental payment period of the lease.

26. Financial instruments

(a) Financial and liquidity risk

The Group does not take trading risk and does not hold proprietary trading positions. Consequently, the Group is exposed to trading book market risk only in relation to incidental positions in financial instruments arising as a result of the Group's failure to match clients' orders precisely The Group has limited exposure to non-trading book market risk, specifically to interest rate risk and currency risk. Thus the overall approach to the planning and management of the Group's capital and liquidity is to ensure the Group's solvency, i.e. its continued ability to conduct business, deliver returns to shareholders, and support growth and strategic initiatives. This risk profile meets the necessary conditions for an investment firm consolidation waiver and the Group benefits from a waiver under the CRD IV provisions, the details of which are set out in the Regulatory Capital section of the Strategic report on page 36.

The Group seeks to ensure that it has access to an appropriate level of cash, other forms of marketable securities and liquidity facilities to enable it to finance its ongoing operations on cost effective terms. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements are monitored by the Group's Finance and Treasury functions

As a normal part of its operations, the Group faces liquidity risk through the risk of being required to fund transactions that fail to settle on the due date. From a risk perspective, the most problematic scenario concerns 'fail to deliver' transactions, where the business has received a security from the selling counterparty (and has paid cash in settlement of the same) but is unable to effect onward delivery of the security to the buying counterparty. Such settlement 'fails' give rise to a funding requirement, reflecting the value of the security which the Group has 'failed to deliver' until such time as the delivery leg is finally settled, or the security sold, and the business has received the associated cash.

The Group has addressed this funding risk by arranging overdraft facilities to cover 'failed to deliver' trades, either with the relevant settlement agent/depository or with a clearing bank. Under such arrangements, the facility provider will fund the value of any 'failed to deliver' trades until delivery of the security is effected Certain facility providers require collateral (such as a cash deposit or parent company guarantee) to protect them from any adverse mark-to-market movement and some also charge a funding fee for providing the facility.

The Group is also exposed to potential margin calls Margin calls can be made by central counterparties under the Matched Principal broking model when not all legs of a matched principal trade are settled at the central counterparty or when there is a residual balance or confirmation error. Margin calls can be made by the Group's clearers or correspondent clearers under the Executing Broker broking model when there is a trade error or a counterparty is slow to confirm their trade. These margin calls occur mainly in the US and UK.

In the event of a liquidity issue arising, the firm has recourse to existing global cash resources, after which it could draw down on its £270m committed revolving credit facility as additional contingency funding.

(b) Capital management

The Group's policy is to maintain a capital base and funding structure that maintains creditor, regulator and market confidence and provides flexibility for business development while also optimising returns to shareholders. The capital structure of the Group consists of debt, as set out in Note 23, cash and cash equivalents, other current financial assets and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 27 and 28.

The Group has an investment firm consolidation waiver under which it is required to monitor its compliance with a Financial Holding Company test which takes into account the Company's shareholders' funds and the aggregated credit risk, market risk and fixed overhead requirements of the Company's subsidiaries. A number of the Company's subsidiaries are individually regulated and are required to maintain capital that is appropriate to the risks entailed in their businesses according to definitions that vary according to each jurisdiction.

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26. Financial instruments continued

(c) Categorisation of financial assets and liabilities

Financial assets (IFRS 9)	FVTOCI debt instruments £m	FVTOCI equity instruments £m	Amortised cost £m	Mandatorily at FVTPL £m	Total carrying amount £m
2018					
Non-current financial assets measured at fair value					
Equity securities	–	18	–	–	18
Corporate debt securities	2	–	–	–	2
	2	18	–	–	20
Current financial assets measured at fair value					
Derivative instruments	–	–	–	3	3
Government debt securities	84	–	–	–	84
Current financial assets not measured at fair value[1]					
Term deposits	–	–	37	–	37
Restricted funds	–	–	12	–	12
Trade receivables	–	–	283	–	283
Settlement balances receivable	–	–	21,487	–	21,487
Deposits paid for securities borrowed	–	–	900	–	900
Cash and cash equivalents	–	–	667	–	667
	84	–	23,386	3	23,473
Total financial assets	86	18	23,386	3	23,493

Financial assets (IAS 39)	Available-for-sale assets: Debt instruments £m	Available-for-sale assets: Equity instruments £m	Loans and receivables £m	Financial assets at FVTPL £m	Total £m
2017					
Other investments	2	17	–	–	19
Financial investments	86	–	53	–	139
Trade receivables	–	–	258	–	258
Settlement balances	–	–	33,640	–	33,640
Deposits paid for securities borrowed	–	–	681	–	681
Derivative instruments at FVTPL	–	–	–	12	12
Cash and cash equivalents	–	–	622	–	622
	88	17	35,254	12	35,371

Financial liabilities (IFRS 9)	Mandatorily at FVTPL: Non-current £m	Mandatorily at FVTPL: Current £m	Other financial liabilities: Non-current £m	Other financial liabilities: Current £m	Total carrying amount £m
2018					
Financial liabilities measured at fair value					
Deferred consideration	26	15	–	–	41
Derivative instruments	–	3	–	–	3
	26	18	–	–	44
Financial liabilities not measured at fair value[1]					
Bank loan	–	–	–	52	52
Sterling Notes June 2019	–	–	–	80	80
Sterling Notes January 2024	–	–	498	12	510
Trade payables	–	–	–	19	19
Settlement balances payable	–	–	–	21,451	21,451
Deposits received for securities loaned	–	–	–	907	907
	–	–	498	22,521	23,019
Total financial liabilities	26	18	498	22,521	23,063

1 Financial assets and liabilities not measured at fair value are only measured at fair value on initial recognition

26. Financial instruments continued

(c) Categorisation of financial assets and liabilities continued

Financial liabilities (IAS 39)	Amortised cost £m	Financial liabilities at FVTPL £m (restated)[1]	Total £m
2017			
Sterling Notes June 2019	80	–	80
Sterling Notes January 2024	509	–	509
Trade payables	14	–	14
Settlement balances	33,622	–	33,622
Deposits received for securities loaned	687	–	687
Deferred consideration[1]	–	31	31
Derivative instruments at FVTPL	–	12	12
	34,912	43	34,955

1 Financial liabilities have been restated to include deferred consideration.

(d) Offsetting financial assets and financial liabilities

Financial instruments at fair value through profit or loss include simultaneous back-to-back derivative transactions with counterparties which are reported as separate financial assets and financial liabilities in the statement of financial position. These transactions are subject to ISDA (International Swaps and Derivatives Association) Master Netting Agreements which provide a legally enforceable right of offset on the occurrence of a specified event of default, or other events not expected to happen in the normal course of business, but are not otherwise enforceable.

Financial instruments subject to enforceable Master Netting Agreements and similar arrangements	Financial assets £m	Financial liabilities £m
2018		
Derivatives at FVTPL	**3**	**3**
Related amounts not offset in the statement of financial position	**(3)**	**(3)**
Net position	–	–
2017		
Derivatives at FVTPL	12	(12)
Related amounts not offset in the statement of financial position	(12)	12
Net position	–	–

(e) Credit risk

The Group is exposed to credit risk in the event of non-performance by counterparties in respect of its Name Passing, Matched Principal, Executing Broker and corporate treasury operations The Group does not bear any significant concentration risk to either counterparts or markets.

The credit risk in respect of the Name Passing business and the information sales and risk management services is limited to the collection of outstanding commission and transaction fees and this is managed proactively by the Group's accounts receivable functions. As at the year end, a majority of the Group's counterparty exposure is to investment grade counterparts (rated BBB-/Baa3 or above) (Note 21).

The Matched Principal business involves the Group acting as a counterparty on trades which are undertaken on a delivery versus payment basis. The Group manages its credit risk in these transactions through appropriate policies and procedures in order to mitigate this risk including stringent on-boarding requirements, setting appropriate credit limits for all counterparts which are closely monitored by the regional credit risk teams to restrict any potential loss through counterparty default. Settlement of these transactions takes place according to the relevant market rules and conventions and the credit risk is considered to be minimal. Deposits paid for securities borrowed arise on collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. As at the year end, a majority of the Group's counterparty exposure is to investment grade counterparts (Note 21).

The credit risk on cash, cash equivalents, and financial assets at amortised cost, FVTOCI or FVTPL, are subject to frequent monitoring. All financial institutions that are transacted with are approved and internal limits are assigned to each one based on a combination of factors including external credit ratings As at the year end, a significant proportion of cash and cash equivalents is deposited with investment grade rated financial institutions.

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26. Financial instruments continued

(e) Credit risk continued

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.

(f) Maturity profile of financial liabilities

The table below reflects the contractual maturities, including future interest obligations, of the Group's financial liabilities as at 31 December:

	Due within 3 months (restated)[1] £m	Due between 3 months and 12 months (restated)[1] £m	Due between 1 year and 5 years £m	Due after 5 years £m	Total £m
2018					
Settlement balances	**21,451**	–	–	–	**21,451**
Deposits received for securities loaned	**907**	–	–	–	**907**
Derivatives at FVTPL	**2**	**1**	–	–	**3**
Trade payables	**19**	–	–	–	**19**
Bank loan	**52**	–	–	–	**52**
Sterling Notes January 2024	**13**	**13**	**105**	**513**	**644**
Sterling Notes June 2019	–	**82**	–	–	**82**
Deferred consideration	**10**	**5**	**26**	–	**41**
	22,454	**101**	**131**	**513**	**23,199**
2017					
Settlement balances	33,622	–	–	–	33,622
Deposits received for securities loaned[1]	687	–	–	–	687
Financial liabilities at FVTPL	6	6	–	–	12
Trade payables	14	–	–	–	14
Sterling Notes January 2024	13	13	105	539	670
Sterling Notes June 2019	–	4	82	–	86
Deferred consideration	8	4	19	–	31
	34,350	27	206	539	35,122

1 *The maturity profile of Deposits received for securities loaned has been restated from due between 3 months and 12 months to due within 3 months*

(g) Foreign currency sensitivity analysis

The table below illustrates the sensitivity of the profit for the year with regard to currency movements on financial assets and liabilities denominated in foreign currencies as at the year end. The sensitivity of the Group's equity with regard to its net foreign currency investments at the year end is also shown below.

Based on a 10% weakening in the US Dollar and Euro exchange rates against Sterling, the effects would be as follows:

	2018		2017	
	USD £m	EUR £m	USD £m	EUR £m
Change in foreign currency financial assets and liabilities – profit or loss	**(3)**	**(3)**	(5)	(3)
Change in translation of foreign operations – equity	**(78)**	**(4)**	(79)	(3)

The Group would experience equal and opposite foreign exchange movements should the US Dollar and Euro exchange rates strengthen against Sterling.

26. Financial instruments continued

(h) Interest rate sensitivity analysis

Interest on floating rate financial instruments is reset at intervals of less than one year. The Group's exposure to interest rates arises on cash and cash equivalents and money market instruments The Sterling Notes are fixed rate financial instruments

A 100 basis point change in interest rates, applied to average floating rate financial instrument assets and liabilities during the year, would result in the following impact on profit or loss:

	2018		2017	
	+100pts £m	-100pts £m	+100pts £m	-100pts £m
Income/(expense) arising on:				
– floating rate assets	**6**	**(6)**	7	(7)
– floating rate liabilities	**–**	**–**	–	–
Net income/(expense) for the year	**6**	**(6)**	7	(7)

(i) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
> Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
2018				
Financial assets measured at fair value				
Equity instruments	**2**	**9**	**7**	**18**
Corporate debt securities	**–**	**–**	**2**	**2**
Government debt securities	**84**	**–**	**–**	**84**
Derivative instruments	**–**	**3**	**–**	**3**
Financial liabilities measured at fair value				
Deferred consideration	**–**	**–**	**(41)**	**(41)**
Derivative instruments	**–**	**(3)**	**–**	**(3)**
	86	**9**	**(32)**	**63**
2017				
Financial assets measured at fair value				
Equity instruments	2	8	7	17
Corporate debt securities	–	-	2	2
Government debt securities	86	–	–	86
Derivatives instruments at FVTPL	–	12	–	12
Financial liabilities measured at fair value				
Deferred consideration[1]	–	-	(31)	(31)
Derivatives instruments at FVTPL	–	(12)	–	(12)
	88	8	(22)	74

In deriving the fair value of derivative instruments valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable.

There were no transfers between Level 1 and 2 during the year.

1 Restated to include deferred consideration in the fair value table

Notes to the Consolidated Financial Statements continued

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26. Financial instruments continued

(i) Fair value measurements recognised in the statement of financial position continued

Reconciliation of Level 3 fair value measurements of financial assets:

	Equity instruments (at FVTOCI) £m	Debt securities (at FVTOCI) £m	Deferred consideration (at FVTPL) £m	2018 Total £m	2017 Total £m
Balance as at 1 January	**7**	**2**	**(31)**	**(22)**	(9)
Net change in fair value – included in 'administrative expenses'	–	–	**(5)**	**(5)**	1
Acquisitions during the year	–	–	**(15)**	**(15)**	(16)
Amounts settled during the year	–	–	**11**	**11**	4
Disposals/impairment	–	–	–	–	(4)
Effect of movements in exchange rates	–	–	**(1)**	**(1)**	2
Balance as at 31 December	**7**	**2**	**(41)**	**(32)**	(22)

27. Share capital

	2018 No.	2017 No.
Allotted, issued and fully paid		
Ordinary shares of 25p		
As at 1 January	**554,132,671**	554,132,671
Issue of ordinary shares	**9,203,709**	–
As at 31 December	**563,336,380**	554,132,671

28. Reconciliation of shareholders' funds

(a) Share capital, Share premium account, Merger reserve

	Share capital £m	Share premium account £m	Merger reserve £m	Total £m
2018				
As at 1 January 2018	**139**	**17**	**1,378**	**1,534**
Issue of ordinary shares	**2**	–	**6**	**8**
As at 31 December 2018	**141**	**17**	**1,384**	**1,542**
2017				
As at 1 January and 31 December 2017	139	17	1,378	1,534

Share capital/Merger reserve

On 26 March 2018 the Group issued 9,203,709 ordinary shares in settlement of deferred consideration and acquisition related share-based payment obligations relating to the Group's 2014 purchase of PVM Oil Associates Limited and its subsidiaries ('PVM'). The nominal value of the shares issued has been credited to share capital with a corresponding debit to retained earnings. £6m has been credited to the merger reserve representing the difference between the fair value of the deferred consideration and the nominal value of the shares issued to satisfy that obligation. Costs associated with the share issue have been charged against the reserve.

As at 1 January 2017 the merger reserve related to prior share-based acquisitions and represented the difference between the value of those acquisitions and the amount required to be recorded in share capital.

28. Reconciliation of shareholders' funds continued

(b) Other reserves

	Reverse acquisition reserve £m	Revaluation reserve £m	Hedging and translation £m	Own shares £m	Other reserves £m
2018					
As at 1 January 2018	**(1,182)**	**1**	**(17)**	**(10)**	**(1,208)**
Equity investments at FVTOCI – net change in fair value	**–**	**7**	**–**	**–**	**7**
Exchange differences on translation of foreign operations	**–**	**–**	**48**	**–**	**48**
Taxation on components of other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**7**	**48**	**–**	**55**
Gain on disposal of equity investments at FVTOCI	**–**	**(4)**	**–**	**–**	**(4)**
Share settlement of share-based payment awards	**–**	**–**	**–**	**4**	**4**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(5)**	**(5)**
As at 31 December 2018	**(1,182)**	**4**	**31**	**(11)**	**(1,158)**
2017					
As at 1 January 2017	(1,182)	2	75	(6)	(1,111)
Revaluation of available-for-sale investments	–	(1)	–	–	(1)
Exchange differences on translation of foreign operations	–	–	(92)	–	(92)
Taxation on components of other comprehensive income	–	–	–	–	–
Total comprehensive loss	–	(1)	(92)		(93)
Own shares acquired for employee trusts	–	–	–	(4)	(4)
As at 31 December 2017	(1,182)	1	(17)	(10)	(1,208)

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 reserve

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 2018, £10m relates to amounts arising on previous net investment hedges (2017 £10m)

Own shares

As at 31 December 2018, the TP ICAP plc EBT (formerly the Tullett Prebon plc Employee Benefit Trust 2007) held 2,609,004 ordinary shares (2017: 2,668,144 ordinary shares) with a fair value of £8m (2017: £14m). During the year the Trust delivered 1,085,087 shares in satisfaction of vesting share-based awards and purchased 1,025,947 ordinary shares in the open market at a cost of £5m In 2017 the Trust purchased 740,569 ordinary shares in the open market at a cost of £4m.

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28. Reconciliation of shareholders' funds continued

(c) Total equity

	Equity attributable to equity holders of the parent					
	Total from Note 28(a) £m	Total from Note 28(b) £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
2018						
As at 1 January 2018	**1,534**	**(1,208)**	**1,494**	**1,820**	**13**	**1,833**
Adjustment on initial application of IFRS 9	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Profit for the year	**–**	**–**	**32**	**32**	**3**	**35**
Equity instruments at FVTOCI – net change in fair value	**–**	**7**	**–**	**7**	**–**	**7**
Exchange differences on translation of foreign operations	**–**	**48**	**–**	**48**	**1**	**49**
Remeasurement of defined benefit pension schemes	**–**	**–**	**(2)**	**(2)**	**–**	**(2)**
Taxation on components of other comprehensive income	**–**	**–**	**1**	**1**	**–**	**1**
Total comprehensive income	**–**	**55**	**31**	**86**	**4**	**90**
Issue of ordinary shares	**8**	**–**	**(2)**	**6**	**–**	**6**
Dividends paid	**–**	**–**	**(94)**	**(94)**	**(1)**	**(95)**
Gain on disposal of equity investments at FVTOCI	**–**	**(4)**	**4**	**–**	**–**	**–**
Share settlement of share-based payment awards	**–**	**4**	**(4)**	**–**	**–**	**–**
Own shares acquired for employee trusts	**–**	**(5)**	**–**	**(5)**	**–**	**(5)**
Credit arising on share-based payment awards (Note 29)	**–**	**–**	**5**	**5**	**–**	**5**
As at 31 December 2018	**1,542**	**(1,158)**	**1,430**	**1,814**	**16**	**1,830**
2017						
As at 1 January 2017	1,534	(1,111)	1,475	1,898	21	1,919
Profit for the year	–	–	87	87		87
Revaluation of available-for-sale investments	–	(1)	–	(1)	–	(1)
Exchange differences on translation of foreign operations	–	(92)	–	(92)	(1)	(93)
Remeasurement of defined benefit pension schemes	–	–	(45)	(45)	–	(45)
Taxation on components of other comprehensive income	–	–	16	16	–	16
Total comprehensive (loss)/income	–	(93)	58	(35)	(1)	(36)
Dividends paid	–	–	(58)	(58)	(1)	(59)
Own shares acquired for employee trusts	–	(4)	–	(4)	–	(4)
Equity repayment to non-controlling interests	–	–	–	–	(6)	(6)
Credit arising on share-based payment awards (Note 29)	–	–	19	19	–	19
As at 31 December 2017	1,534	(1,208)	1,494	1,820	13	1,833

29. Share-based payments

Senior Manager Deferred Bonus Plan

Annual awards are made under the Group's Senior Manager Deferred Bonus Plan that commenced in 2015.

Under this Plan, employees identified as senior managers have 20% of their annual discretionary bonus awarded in deferred shares These awards will be settled with TP ICAP plc shares and are subject to the completion of service conditions and the fulfilment of other conduct requirements. The number of shares in respect of a bonus year is determined after the close period for that year at the then market price, and vest over three years from the grant. The fair value of the shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

As part of the introduction of the Deferred Bonus Plan in 2015, a Special Award was granted to eligible employees. The Special Award vested in May 2018.

Awards will be settled by the TP ICAP plc Employee Benefit Trust (formerly the Tullett Prebon plc Employee Benefit Trust 2007) from shares purchased by it in the open market.

29. Share-based payments continued

	2018 No.	2017 No.
Outstanding at the beginning of the year	**2,520,855**	1,780,285
Granted during the year	**1,452,545**	740,570
Expired during the year	**–**	–
Settled during the year	**(1,085,087)**	–
Outstanding at the end of the year	**2,888,313**	2,520,855

At the year end closing share price of 301p the estimated total number of deferred shares for the 2018 bonus year was 2,068,631.

Executive Director Deferred Bonus Plan

Annual awards are made under the Group's Executive Director Deferred Bonus Plan that commenced in 2017.

The Group's Executive Directors have 50% of their annual discretionary bonus awarded in deferred shares. These awards are subject to the completion of service conditions and the fulfilment of other conduct requirements and will be settled with TP ICAP plc shares. The number of shares in respect of a bonus year is determined after the close period for that year at the market price, and vest three years from the date of the grant. The fair value of the shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

	2018 No.	2017 No.
Outstanding at the beginning of the year	**–**	–
Granted during the year	**243,191**	–
Expired during the year	**–**	–
Forfeited during the year	**(161,191)**	–
Settled during the year	**–**	–
Outstanding at the end of the year	**82,000**	–

Awards will be settled by the TP ICAP plc Employee Benefit Trust from shares purchased by it in the open market.

At the year end closing share price of 301p the estimated total number of deferred shares for the 2018 bonus year was 136,398.

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 are allocated between the Executive Directors and members of the Group's Global Executive Committee. At the end of the performance period, the T-LTIP pool will be determined, based on absolute total shareholder return and earnings per share performance, and converted into awards of shares. Shares will be subject to a holding period and will be released one third in April 2021, one third in April 2022 and one third in April 2023. During the holding period, the shares cannot be sold (other than to cover the cost of any applicable taxes).

Awards will be settled by the issue of new shares.

Acquisition related share-based payments

As part of the acquisition of PVM, certain former shareholders were eligible to receive additional payments after three years' service provided they remain as employees and PVM achieved revenue performance targets over that period. In November 2017 the service term and revenue performance targets were fulfilled. The Group recognised £36m (US$51m) as a share-based expense, through the income statement and equity, over the three year service term. During 2018 the Group issued 7,626,506 ordinary shares to settle this obligation.

	2018 £m	2017 £m
Charge arising from the Senior Manager Deferred Bonus Plan	**5**	4
Charge arising from the Executive Director Deferred Bonus Plan	**–**	1
Charge arising from the Transformation Long Term Incentive Plan	**–**	5
Charge arising from acquisition related share-based payments	**–**	9
	5	19

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30. Acquisitions

(a) Acquisition of SCS Commodities Corp

In January 2018, the Group acquired 100% of the issued share capital of SCS Commodities Corp ('SCS'). Initial cash consideration was US$7m (£5m) and deferred contingent consideration is payable through to the fifth anniversary of completion. The amount of deferred contingent consideration is dependent upon the performance of the business over the five year period and has a fair value estimated to be US$4m (£3m). The actual outcome may differ from this estimate. The fair value of the net liabilities acquired were US$1m (£1m) Intangible assets, relating to customer relationships, are US$1m (£1m) with goodwill, representing the value of the established workforce and the business's reputation, amounting to US$11m (£8m)

Acquisition costs, included in administrative expenses, amounted to less than £1m in 2018.

(b) Acquisition of Axiom

In November 2018, the Group acquired 100% of the issued share capital of Axiom Refined Products, LLC, Atlas Commodity Markets, LLC, Atlas Petroleum Markets, LLC, and Atlas Physical Grains, LLC (collectively 'Axiom'), an energy and commodities brokerage firm in the US. Initial cash consideration was US$17m (£13m) with deferred non-contingent consideration of US$3m (£2m) payable over three years. Deferred contingent consideration is also payable through to the third anniversary of completion. The amount of deferred contingent consideration is dependent upon the performance of the business over the three year period and has a fair value estimated to be US$12m (£10m). The actual outcome may differ from this estimate. The initial accounting for the acquisition is provisional due to the proximity to the year end. The estimated fair value of the net assets acquired were US$2m (£1m). Intangible assets, relating to customer relationships, are estimated to be US$2m (£1m) with provisional goodwill, representing the value of the established workforce and the business's reputation, amounting to US$28m (£23m).

Had Axiom been acquired on 1 January 2018 underlying operating profit would have been £2m higher and underlying earnings £1m higher. Acquisition costs, included in administrative expenses, amounted to less than £1m in 2018.

(c) Finalisation of the acquisition of Coex Partners Limited

During 2018 the Group finalised the accounting for its acquisition of Coex Partners Limited and its subsidiaries ('COEX') that it acquired in November 2017 No changes have been required to the provisional accounting reported in 2017. Cash consideration was £4m with deferred contingent consideration, at acquisition, of £16m. The amount of deferred contingent consideration is dependent upon the performance of the business and is payable through to the third anniversary of completion The fair values of the net liabilities acquired were £3m. The value of customer relationships, initially estimated at £3m have been finalised at £5m together with £1m of associated deferred tax liabilities. Goodwill, representing the value of the established workforce and the business's reputation, amounted to £19m.

(d) Analysis of deferred and contingent consideration in respect of acquisitions

Certain acquisitions made by the Group are satisfied in part by deferred or contingent deferred consideration. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made to profit or loss.

	2018 £m	2017 £m
At 1 January	**31**	21
Acquisitions during the year	**15**	16
Remeasurement charge/(credit) taken to operating profit	**5**	(1)
Cash-settled	**(3)**	(4)
Equity-settled	**(8)**	–
Effect of movements in exchange rates	**1**	(1)
At 31 December	**41**	31
Amounts falling due within one year	**15**	12
Amounts falling due after one year	**26**	19
At 31 December	**41**	31

31. Reconciliation of operating result to net cash from operating activities

	2018 £m	2017 £m
Operating profit	**93**	102
Adjustments for:		
– Share-based payment charge	**5**	10
– Pension scheme's administration costs	**1**	1
– Depreciation of property, plant and equipment	**13**	12
– Amortisation of intangible assets	**26**	29
– Acquisition related share-based payment charge	**–**	9
– Amortisation of intangible assets arising on consolidation	**40**	40
– Impairment of intangible assets arising on consolidation	**65**	–
– Loss on derecognition of intangible assets	**–**	1
– Loss on disposal of associates	**1**	–
– Impairment of associates	**3**	–
– Remeasurement of deferred consideration	**5**	(1)
– Gain on disposal of available-for-sale investments	**–**	(1)
– Non-cash movement in FVTPL balances	**–**	(1)
Operating cash flows before movement in working capital	**252**	201
Increase in trade and other receivables	**(37)**	(48)
Increase in net settlement and trading balances	**(14)**	(6)
Increase/(decrease) in trade and other payables	**1**	(40)
(Decrease)/increase in provisions	**(1)**	18
Increase in non-current liabilities	**13**	11
Retirement benefit scheme contributions	**(1)**	–
Cash generated from operations	**213**	136
Income taxes paid	**(30)**	(27)
Interest paid	**(34)**	(22)
Net cash from operating activities	**149**	87

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32. Analysis of net funds

	At 1 January £m	Cash flow £m	Non-cash items £m	Exchange rate movements £m	At 31 December £m
2018					
Cash	**609**	**43**	**(1)**	**19**	**670**
Cash equivalents	**13**	**(3)**	**–**	**–**	**10**
Overdrafts	**–**	**(13)**	**–**	**–**	**(13)**
Cash and cash equivalents	**622**	**27**	**(1)**	**19**	**667**
Financial investments	**139**	**(4)**	**–**	**(2)**	**133**
Total funds	**761**	**23**	**(1)**	**17**	**800**
Bank loan due within one year	**–**	**(52)**	**–**	**–**	**(52)**
Sterling Notes June 2019	**(80)**	**4**	**(4)**	**–**	**(80)**
Sterling Notes January 2024	**(509)**	**26**	**(27)**	**–**	**(510)**
Total debt	**(589)**	**(22)**	**(31)**	**–**	**(642)**
Total net funds	**172**	**1**	**(32)**	**17**	**158**
2017					
Cash	657	(21)	–	(27)	609
Cash equivalents	41	(27)	–	(1)	13
Overdrafts	(2)	2	–	–	–
Cash and cash equivalents	696	(46)	–	(28)	622
Financial investments	90	54	–	(5)	139
Total funds	786	8	–	(33)	761
Bank loan due within one year	(467)	470	(3)	–	–
Sterling Notes June 2019	(80)	4	(4)	–	(80)
Sterling Notes January 2024	–	(497)	(12)	–	(509)
Total debt	(547)	(23)	(19)	–	(589)
Total net funds	239	(15)	(19)	(33)	172

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 2018 cash and cash equivalents, net of overdrafts, amounted to £667m (2017: £622m) Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Financial investments comprise short term government securities, term deposits and restricted funds held with banks and clearing organisations.

Non-cash items represent accrued interest, the amortisation of debt issue costs and the impact of IFRS 9's expected credit loss requirements

33. Contingent liabilities

FCA investigation

Tullett Prebon Europe Limited ('TPEL') is currently under investigation by the FCA in relation to certain trades undertaken between 2008 and 2011, including trades which are risk free, which are alleged to have no commercial rationale or economic purpose, on which brokerage is paid, and trades on which brokerage may have been improperly charged. As part of its investigation, the FCA is considering the extent to which during the relevant period (i) TPEL's systems and controls were adequate to manage the risks associated with such trades and (ii) whether certain of TPEL's managers were aware of, and/or managed appropriately the risks associated with, the trades. The FCA is also reviewing the circumstances surrounding a failure in 2011 by TPEL to discover certain audio files and produce them to the FCA in a timely manner. As the investigation is ongoing, it is not possible to predict its ultimate outcome and accordingly any potential liability and/or financial impact cannot currently be reliably estimated. In connection with the investigation, the Group has undertaken its own review of the Group's previous systems and controls in relation to client gifts and hospitality.

Bank Bill Swap Reference Rate case

On 16 August 2016, a litigation was filed in the United States District Court for the Southern District of New York naming the Group, 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 15 January 2019, Plaintiffs filed a Motion for Leave to Amend and File the Proposed Second Amended Class Action Complaint ('PSAC'). The Motion does not seek leave to amend with respect to the TP ICAP defendants and the PSAC does not contain any new allegations regarding the TP ICAP defendants. The Plaintiffs have reserved the right to appeal the dismissal of the TP ICAP defendants but have not as yet done so It is not possible to predict the ultimate outcome of the litigation or to provide an estimate of any potential financial impact.

Labour claims – ICAP Brazil

ICAP do Brasil Corretora De Títulos e Varoles Mobiliários Ltda ('ICAP Brazil') is a defendant in 19 pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour claims') The Group estimates the maximum potential aggregate exposure in relation to the Labour claims, including any potential social security tax liability, to be BRL 67m (£14m). The Group is the beneficiary of an indemnity from NEX in relation to any outflow in respect of materially all of these Labour claims insofar as they relate to periods prior to completion of the Group's acquisition of ICAP.

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 222m (£45m). The Group intends to vigorously defend itself but there is no certainty as to the outcome of these claims. The case is currently in an early evidentiary phase and it is stayed pending discussion before the Superior Court of Justice regarding the production of evidence. Therefore, the case is not anticipated to be resolved in 2019.

ISDA Fix

The CFTC and other government agencies have requested information from the NEX Group in relation to the setting of the US Dollar segment of a benchmark known as ISDA Fix. ICAP plc's successor firm, NEX, continues to cooperate with the agencies' inquiries into the setting of that rate. ICAP Capital Markets LLC ('ICM') was the collection agent for ISDA Fix panel bank submissions in US Dollars, but was not a panel member itself. Pursuant to the terms of the sale and purchase agreement between the Group and NEX it was agreed that ICM would transfer its activities and business to the Group but that ICM would not be transferred to the Group's ownership at completion. It was further agreed that in the event of any claims or losses arising in relation to ISDA Fix, these would be for the account of NEX. In September 2018, ICM entered into a settlement with the CFTC and agreed to pay a penalty of $50m. At this time we do not expect the CFTC or other government agencies to pursue further action against the Group in respect of the ISDA fix matter.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

33. Contingent liabilities continued

LIBOR Class actions

The Group is currently defending two LIBOR related actions.

(i) Stichting LIBOR Class Action

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating litigation in the Dutch court in Amsterdam on behalf of institutional investors against ICAP Europe Limited ('IEL'), ICAP plc, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group plc, and Lloyds Bank plc. The litigation alleges manipulation by the defendants of the JPY LIBOR, GBP LIBOR, CHF LIBOR, USD LIBOR, EURIBOR, TIBOR, SOR, BBSW and HIBOR benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of this litigation, but IEL has factual and legal defences to the claims and intends to defend the lawsuit vigorously. A hearing is scheduled for June 2019. The Group is covered by an indemnity from NEX in relation to any outflow in respect of the ICAP entities with regard to these matters.

(ii) Swiss LIBOR Class Action

On 4 December 2017, a class of plaintiffs filed a Second Amended Class Action Complaint in the matter of Sonterra Capital Master Fund Ltd. et al. v. Credit Suisse Group AG et al. naming as defendants, among others, TP ICAP plc, Tullett Prebon Americas Corp., Tullett Prebon (USA) Inc., Tullett Prebon Financial Services LLC, Tullett Prebon (Europe) Limited, Cosmorex AG, ICAP Europe Limited, and ICAP Securities USA LLC (together, the 'Companies'). The Second Amended Complaint generally alleges that the Companies conspired with certain bank customers to manipulate Swiss Franc LIBOR and prices of Swiss Franc LIBOR based derivatives by disseminating false pricing information in false run-throughs and false prices published on screens viewed by customers in violation of the Sherman Act (anti-trust) and RICO. The Companies intend to contest liability in the matter and to vigorously defend themselves. A briefing schedule has been agreed in connection with a motion to dismiss that the Companies intend to make on both jurisdictional and substantive grounds. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

General matters

From time to time the Group's subsidiaries are engaged in litigation in relation to a variety of matters, and it is required to provide information to regulators and other government agencies as part of informal and formal enquiries or market reviews. The Group's reputation may also be damaged by any involvement or the involvement of any of its employees or former employees in any regulatory investigation and by any allegations or findings, even where the associated fine or penalty is not material

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the Group's results or net assets.

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.

The Group operates in a wide variety of jurisdictions around the world and uncertainties therefore exist with respect to the interpretation of complex tax laws and practices of those territories. The Group establishes provisions for taxes other than current and deferred income taxes, based upon various factors which are continually evaluated, if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

34. Operating lease commitments

	2018 £m	2017 (restated) £m
Minimum operating lease payments recognised in the income statement[1]	**43**	40
Sub-lease income received	**(1)**	(1)

1 2017 minimum operating lease payments increased by £8m for costs included in administrative expenses that related to operating leases

34. Operating lease commitments continued

At 31 December 2018 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018		2017 (restated)	
	Buildings £m	Other £m	Buildings[1] £m	Other £m
Within one year	**33**	**1**	43	1
Within two to five years	**102**	**1**	94	1
Over five years	**176**	**–**	113	–
	311	**2**	250	2

1 Restated to include £8m of operating lease commitments relating to buildings (£9m due within one year, £4m due within two to five years and a reduction of £5m over five years)

At 31 December 2018 the Group had contracted with tenants for the following future minimum lease payments:

	2018		2017	
	Buildings £m	Other £m	Buildings £m	Other £m
Within one year	**1**	**–**	1	–
Within two to five years	**6**	**–**	4	–
Over five years	**3**	**–**	4	–
	10	**–**	9	–

35. Retirement benefits

(a) Defined benefit schemes

The Group has a defined benefit pension scheme in the UK and a small number of schemes operated in other countries. The overseas schemes are not significant in the context of the Group.

	2018 £m	2017 £m
Defined benefit scheme surplus – UK	**55**	57
Defined benefit schemes deficit – Overseas	**(3)**	(4)

(b) UK defined benefit scheme

The Group's UK defined benefit pension scheme is the defined benefit section of the Tullett Prebon Pension Scheme (the 'Scheme').

The Scheme is a final salary, funded pension scheme that is closed to new members and future accrual. For members still in service there is a continuing link between benefits and pensionable pay. The Principal Employer is Tullett Prebon Group Limited.

The assets of the Scheme are held separately from those of the Group, either in separate Trustee administered funds or in contract-based policies of insurance.

The latest funding actuarial valuation of the Scheme was carried out as at 30 April 2016 by independent qualified actuaries. The actuarial funding surplus of the Scheme at that date was £61m and under the agreed schedule of contributions the Group will continue not to make any payments into the Scheme.

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.

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

35. Retirement benefits continued

(b) UK defined benefit scheme continued

The amounts included in the balance sheet arising from the Group's obligations in respect of the Scheme are as follows:

	2018 £m	2017 £m
Fair value of Scheme assets	**243**	260
Present value of Scheme liabilities	**(188)**	(203)
Defined benefit scheme surplus	**55**	57
Deferred tax liability (Note 20)	**(19)**	(20)

The main financial assumptions used by the independent qualified actuaries of the Scheme to calculate the liabilities under IAS 19 were:

	2018 %	2017 %
Key assumptions		
Discount rate	**2.70**	2.40
Expected rate of salary increases	**4.75**	4.75
Rate of increase in LPI pensions in payment[1]	**2.40**	2.40
Inflation assumption	**2.40**	2.40

1 This applies to pensions accrued from 6 April 1997. The majority of current and future pensions receive fixed increases in payment of either 0% or 2.5%.

The mortality assumptions are based on standard mortality tables and allow for future mortality improvements and are the same as those adopted for the 2016 funding valuation. Assumptions for the Scheme are that a member who retires in 15 years' time at age 60 will live on average for a further 31.4 years (2017: 31.3 years) after retirement if they are male and for a further 32.8 years (2017: 32.7 years) after retirement if they are female. Current pensioners are assumed to have a generally shorter life expectancy based on their current age.

The valuation of the Scheme liabilities is sensitive to changes in the assumptions used. The effect of changes in the discount rate, inflation and mortality assumptions, assuming an independent change in one assumption with all others held constant, on the liabilities is shown below:

		Scheme assets £m	Scheme liabilities £m	Surplus £m
As at 31 December 2018		**243**	**(188)**	**55**
Following a 0.25% decrease in the discount rate	Change	**3.7%**	**4.8%**	**–**
	New value	**252**	**(197)**	**55**
Following a 0.25% increase in the inflation assumption	Change	**2.1%**	**2.7%**	**–**
	New value	**248**	**(193)**	**55**
Life expectancy increases by 3 years	Change	**7.8%**	**10.1%**	**–**
	New value	**262**	**(207)**	**55**

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 2018 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.

35. Retirement benefits continued

(b) UK defined benefit scheme continued

The amounts recognised in the income statement in respect of the Scheme were as follows:

	2018 £m	2017 £m
Deemed interest arising on the defined benefit pension scheme surplus	**1**	3
Scheme's administrative expenses	**(1)**	(1)

Deemed interest arising on the defined benefit pension scheme surplus has been included within finance income (Note 8).

The amounts recognised in other comprehensive income in respect of the Scheme were as follows:

	2018 £m	2017 £m
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**(2)**	19
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(9)**	(73)
Actuarial gains/(losses) arising from changes in financial assumptions	**11**	(4)
Actuarial (losses)/gains arising from changes in demographic assumptions	**(1)**	2
Actuarial (losses)/gains arising from experience adjustments	**(1)**	11
Remeasurement of the defined benefit pension scheme	**(2)**	(45)

Movements in the present value of the Scheme liabilities were as follows:

	2018 £m	2017 £m
At 1 January	**(203)**	(217)
Deemed interest cost	**(5)**	(5)
Actuarial gains/(losses) arising from changes in financial assumptions	**11**	(4)
Actuarial (losses)/gains arising from changes in demographic assumptions	**(1)**	2
Actuarial (losses)/gains arising from experience adjustments	**(1)**	11
Benefits paid/transfers out	**11**	10
At 31 December	**(188)**	(203)

Movements in the fair value of the Scheme assets were as follows:

	2018 £m	2017 £m
At 1 January	**260**	317
Deemed interest income	**6**	8
Return on Scheme assets (excluding deemed interest income) – Trustee administered funds	**(2)**	19
Return on Scheme assets (excluding deemed interest income) – revaluation of insurance policies	**(9)**	(73)
Benefits paid/transfers out	**(11)**	(10)
Administrative expense	**(1)**	(1)
At 31 December	**243**	260

Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2018

35. Retirement benefits continued

(b) UK defined benefit scheme continued

The major categories and fair values of the Scheme assets as at 31 December were as follows:

	2018 £m	2017 £m
Cash and cash equivalents	**3**	20
Government bonds	**51**	36
Insurance policies	**188**	203
Other receivables	**1**	1
At 31 December	**243**	260

During 2017, as part of the arrangements for insuring the Scheme's liabilities, the Trustees transferred all of the Scheme's equity investments into fixed income securities and bonds. The Scheme does not hedge against foreign currency exposures or interest rate risk.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit liability between current employees (duration of 25 years), deferred members (duration of 23 years) and current pensioners (duration of 13 years).

The estimated amounts of contributions expected to be paid into the Scheme during 2019 is £nil.

(c) Defined contribution pensions

The Group operates a number of defined contribution schemes for qualifying employees. The assets of these schemes are held separately from those of the Group.

The defined contribution pension cost for the Group charged to administrative expenses was £15m (2017: £13m), of which £8m (2017: £7m) related to overseas schemes.

As at 31 December 2018, there was £1m outstanding in respect of the current reporting period that had not been paid over to the schemes (2017: £1m).

36. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note

The total amounts owed to and from associates and joint ventures at 31 December 2018, which also represent the value of transactions during the year, are set out below:

	Amounts owed by related parties		Amounts owed to related parties	
	2018 £m	2017 £m	2018 £m	2017 £m
Associates	**3**	3	**–**	–
Joint ventures	**1**	1	**(2)**	(2)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Directors

Costs in respect of the Directors who were the key management personnel of the Group during the year are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the individual Directors is provided in the audited part of the Report on Directors' Remuneration on pages 85 to 93.

	2018 £m	2017 £m
Short term benefits	**3**	4
Social security costs	**–**	1
	3	5

37. Principal subsidiaries

At 31 December 2018, 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 182 to 190. All subsidiaries are involved in broking or information sales activities and have either a 31 December or 31 March year end as identified below.

Country of incorporation and operation	Principal subsidiary undertakings	Issued ordinary shares, all voting
Australia	ICAP Brokers Pty Limited	100%
Bermuda (operating in England)	PVM Oil Associates Limited	100%
Brazil	ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda	100%
	Tullett Prebon Brasil S.A.	100%
England	ICAP Energy Limited	100%
	ICAP Europe Limited	100%
	ICAP Global Derivatives Limited	100%
	ICAP Information Services Limited	100%
	ICAP Management Services Limited	100%
	ICAP Securities Limited	100%
	ICAP WCLK Limited	100%
	iSwap Limited	50.1%
	The Link Asset and Securities Company Limited	100%
	Tullett Prebon (Europe) Limited	100%
	Tullett Prebon (Securities) Limited	100%
	PVM Oil Futures Limited	100%
	Coex Partners Limited	100%
Guernsey (operating in England)	Tullett Prebon Information Limited	100%
Hong Kong	ICAP (Hong Kong) Limited	100%
	ICAP Securities Hong Kong Limited	100%
	Tullett Prebon (Hong Kong) Limited	100%
Indonesia	PT. Inti Tullett Prebon Indonesia	57.52%
Japan	Tullett Prebon (Japan) Limited	100%
Singapore	ICAP (Singapore) Limited (formerly ICAP AP (Singapore) Pte. Limited)	100%
	TP ICAP Management Services (Singapore) Pte. Ltd.	100%
	Tullett Prebon Energy (Singapore) Pte. Ltd.	100%
	Tullett Prebon (Singapore) Limited	100%
	PVM Oil Associates Pte. Ltd.	100%
UAE	Tullett Prebon (Dubai) Limited	100%
United States	ICAP Corporates LLC	100%
	ICAP Energy LLC	100%
	ICAP Information Services Inc.	100%
	ICAP Securities USA LLC	100%
	ICAP SEF (US) LLC[1]	100%
	Tullett Prebon Americas Corp.	100%
	Tullett Prebon Financial Services LLC	100%
	PVM Futures Inc	100%
	Coex Partners Inc	100%
	Tullett Prebon Information Inc	100%

1 31 March year end

As at 31 December 2018, £16m (2017: £13m) is due to non-controlling interests relating to those subsidiaries that are not wholly owned. Movements in non-controlling interests are set out in Note 28(c). No individual non-controlling interest is material to the Group. There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities relating to these subsidiaries

Company Balance sheet

as at 31 December 2018

	Notes	2018 £m	2017 £m
Non-current assets			
Investment in subsidiary undertakings	4	**2,681**	2,595
Trade and other receivables	5	**343**	336
		3,024	2,931
Current assets			
Trade and other receivables	5	**23**	19
Cash and cash equivalents		**3**	19
		26	38
Total assets		**3,050**	2,969
Current liabilities			
Trade and other payables	6	**(74)**	(21)
Interest bearing loans and borrowings	8	**(144)**	(12)
		(218)	(33)
Net current (liabilities)/assets		**(192)**	5
Total assets less current liabilities		**2,832**	2,936
Non-current liabilities			
Interest bearing loans and borrowings	8	**(498)**	(577)
Other long term payables	7	**(13)**	(16)
		(511)	(593)
Total liabilities		**(729)**	(626)
Net assets		**2,321**	2,343
Capital and reserves			
Share capital	9	**141**	139
Share premium		**17**	17
Merger reserve		**1,262**	1,256
Own shares		**(11)**	(10)
Profit and loss account		**912**	941
Total equity		**2,321**	2,343

The Company reported a profit for the financial year ended 31 December 2018 of £66m (2017: £50m).

The Financial Statements of TP ICAP plc (registered number 5807599) were approved by the Board of Directors and authorised for issue on 19 March 2019 and are signed on its behalf by

Nicolas Breteau
Chief Executive Officer

Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Profit and loss account £m	Total equity £m
2018						
Balance at 1 January 2018	**139**	**17**	**1,256**	**(10)**	**941**	**2,343**
Profit and other comprehensive income for the year	**–**	**–**	**–**	**–**	**66**	**66**
Issue of ordinary shares	**2**	**–**	**6**	**–**	**(2)**	**6**
Dividends paid	**–**	**–**	**–**	**–**	**(94)**	**(94)**
Share settlement of share-based payment awards	**–**	**–**	**–**	**4**	**(4)**	**–**
Own shares acquired for employee trusts	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Credit arising on share-based awards	**–**	**–**	**–**	**–**	**5**	**5**
Balance at 31 December 2018	**141**	**17**	**1,262**	**(11)**	**912**	**2,321**
2017						
Balance at 1 January 2017	139	17	1,256	(6)	930	2,336
Profit and other comprehensive income for the year	–	–	–	–	50	50
Dividends paid	–	–	–	–	(58)	(58)
Own shares acquired for employee trusts	–	–	–	(4)	–	(4)
Credit arising on share-based awards	–	–	–	–	19	19
Balance at 31 December 2017	139	17	1,256	(10)	941	2,343

Notes to the Financial Statements

for the year ended 31 December 2018

1. Basis of preparation

The Company prepares its accounts in accordance with the requirements of FRS 101 'Reduced Disclosure Framework'.

The separate Financial Statements of the Company are presented as required by the Companies Act. They have been prepared under the historical cost convention, except for the revaluation of certain financial instruments held at fair values at the end of each reporting period, as explained in the accounting policies and in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. As discussed on page 37 of the Strategic report, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these Financial Statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

2. Significant accounting policies

The principal accounting policies adopted are the same as those set out in Note 3 to the Consolidated Financial Statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The Company has share-based payment arrangements involving employees of its subsidiaries. The cost of these arrangements is measured by reference to the fair value of equity instruments on the date they are granted. Cost is recognised in 'investment in subsidiary undertakings' and credited to the 'profit and loss account' reserve on a straight-line basis over the vesting period. Where the cost is subsequently recharged to the subsidiary, it is recognised as a reduction in 'investment in subsidiary undertakings'.

The Company is the sponsor of the TP ICAP plc Employee Benefit Trust (formerly the Tullett Prebon plc Employee Benefit Trust 2007) and applies the 'look-through' approach to the Trust's assets, liabilities and results which are included as part of the Company.

3. Profit for the year

As permitted in section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year.

The auditor's remuneration for audit and other services is disclosed in Note 6 to the Consolidated Financial Statements. The Company has no employees (2017: nil). Information about individual Directors is provided in the audited part of the Report on Directors' Remuneration on pages 85 to 93.

4. Investment in subsidiary undertakings

	2018 £m	2017 £m
Cost		
At 1 January	**2,595**	2,542
Capital contribution arising on share-based awards	**5**	19
Increase in investment in subsidiary undertaking	**81**	14
Transfer from immediate subsidiary undertaking	**595**	-
Transfer to immediate subsidiary undertaking	**(595)**	–
Acquisition of subsidiary undertaking	**–**	20
At 31 December	**2,681**	2,595

Further information about subsidiaries, including disclosures about non-controlling interests, is provided in the 'Group Undertakings' section of this Annual Report on pages 182 to 190.

5. Trade and other receivables

	2018 £m	2017 £m
Non-current receivables		
Amounts owed by Group undertakings	**343**	336
Current receivables		
Amounts owed by Group undertakings	**5**	3
Corporation tax	**16**	15
Prepayments and accrued income	**2**	1
	23	19

6. Trade and other payables

	2018 £m	2017 £m
Accruals and deferred income	**2**	7
Amounts due to Group undertakings	**62**	6
Deferred consideration	**10**	8
	74	21

7. Other long term payables

	2018 £m	2017 £m
Deferred consideration	**13**	16

8. Interest bearing loans and borrowings

	Less than one year £m	*Greater than* one year £m	Total £m
2018			
Bank loan	**52**	**–**	**52**
Sterling Notes June 2019	**80**	**–**	**80**
Sterling Notes January 2024	**12**	**498**	**510**
	144	**498**	**642**
2017			
Sterling Notes June 2019	–	80	80
Sterling Notes January 2024	12	497	509
	12	577	589

Bank credit facilities and bank loans

In December 2018 the Company cancelled its £250m committed revolving credit facility, that would have matured in April 2019, and entered into a new £270m committed revolving credit facility maturing in December 2021. 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 2018, the Company had £52m (2017: £nil) drawn down against the £270m revolving credit facility. Amounts drawn down are reported as bank loans in the above table. £27m is repayable in January 2019 and £25m in February 2019 The carrying amount of bank loans approximated to their carrying fair value

Interest and facility fees of £4m were incurred in 2018.

Notes to the Financial Statements
continued

for the year ended 31 December 2018

8. Interest bearing loans and borrowings continued

Sterling Notes – Due June 2019

In December 2012 £80m Sterling Notes, due June 2019, were issued. The Notes have a coupon of 5.25% paid semi-annually. At 31 December 2018 their fair value (Level 1) was £81m (2017: £84m).

Sterling Notes – Due January 2024

In January 2017 the Group issued £500m unsecured Sterling Notes due January 2024. The Notes have a fixed coupon of 5.25% paid semi-annually, subject to compliance with the terms of the Notes. At 31 December 2018 their fair value (Level 1) was £468m (2017: £533m). Accrued interest at 31 December 2018 amounted to £12m (2017: £12m). Issue costs of £3m were incurred in 2017.

9. Share capital and reserves

	2018 No.	2017 No.
Allotted, issued and fully paid		
Ordinary shares of 25p	**563,336,380**	554,132,671

The movement in the number of shares during the year is shown in Note 27 to the Consolidated Financial Statements.

	2018 £m	2017 £m
Allotted, issued and fully paid		
Ordinary shares of 25p	**141**	139

On 26 March 2018 the Group issued 9,203,709 ordinary shares in settlement of deferred consideration and acquisition related share-based payment obligations relating to the Group's 2014 purchase of PVM Oil Associates Limited and its subsidiaries.

Descriptions of the merger reserve and own shares, together with the movements in those reserves, are disclosed in Note 28 to the Consolidated Financial Statements.

The distributable reserves of the Company at 31 December 2018 were £849m (2017: £883m), representing the balance on the Profit and loss account, less cumulative unrealised credits in respect of share-based payment awards.

10. Contingent liabilities

In the normal course of business the Company enters into arrangements with certain of its undertakings to enable those entities to meet their liabilities as and when they fall due. Such arrangements are for a period of no more than two years.

Shareholder information

Financial calendar for 2019
Preliminary Results - 19 March 2019
Ex-dividend date for final dividend - 4 April 2019
Record date for final dividend - 5 April 2019
Final date for Dividend Reinvestment Plan election - 29 April 2019
Annual General Meeting - Wednesday 15 May 2019 at 12:45pm
Final dividend payment date - 21 May 2019

Dividend mandate
Shareholders who wish their dividends to be paid directly into a bank or building society account should register their mandate via the shareholder portal at www.signalshares.com. You will need your investor code which can be found on your share certificate or dividend confirmation. Alternatively, contact Link Asset Services for a dividend mandate form. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that shareholders' accounts are credited on the dividend payment date For future dividends, the Company has in place a facility for payments to be made via CREST.

Dividend Reinvestment Plan ('DRIP')
The Company offers a DRIP, for further information contact Link Asset Services.

Shareholder information on the internet
The Company maintains an investor relations page on its website, www.tpicap.com, which allows access to share price information, Directors' biographies, copies of Company reports, selected press releases and other useful investor information.

Registered office
TP ICAP plc
Floor 2, 155 Bishopsgate
London EC2M 3TQ
United Kingdom

Tel: +44 (0)20 7200 7000
Website: www.tpicap.com
All administrative enquiries relating to shareholdings should be directed to Link Asset Services.

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

To access and maintain your shareholding online: www.signalshares.com

Email: enquiries@linkgroup co uk

Tel: 0871 664 0300[1]
From overseas: +44 (0) 371 664 0300

1 Calls cost 12p per minute plus your phone company's access charge. From overseas +44 (0) 371 664 0300 calls outside the United Kingdom will be charged at the applicable international rate. We are open 9.00am - 5 30pm, Monday to Friday excluding public holidays in England and Wales.

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
Hill House
1 Little New Street
London EC4A 3TR
United Kingdom
www.deloitte.com

TP ICAP plc is a company incorporated and registered in England and Wales with number 5807599.

Group undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 31 December 2018 are listed below. Unless otherwise stated the undertakings below are wholly owned and the share capital disclosed comprises ordinary shares or common stock (or the local equivalent thereof) which are indirectly held by TP ICAP plc.

Company name	Country of incorporation	Interest	Note	Registered office address
Fulton Prebon Holdings N.V.	Aruba		1	Suite 304, L.G. Smith Boulevard 62, Oranjestad Oost, Aruba
ICAP Australia Pty Ltd	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Brokers Pty Limited	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Europe Limited, Australia Branch	Operating in Australia		1	Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
ICAP Futures (Australia) Pty Ltd	Australia			Level 27, 9 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Tullett Prebon (Australia) Pty Limited	Australia			Level 29, 9 Castlereagh Street, Sydney NSW 2000, Australia
PVM Data Services GmbH	Austria			Euro Plaza - Building G, Am Euro Platz 2, 1120 Vienna, Austria
Marshalls (Bahrain) W.L.L.	Bahrain	70%		P.O Box 5482, Manama Centre, 104/105 Government Road, Manama 316, Bahrain
Tullett Liberty (Bahrain) Co W.L.L.	Bahrain	85%		PO Box 20526, Flat No 31, Building 104, Manama Centre, Entrance 4, 3rd Floor, Govt Avenue 383, Manama 316, Bahrain
ICAP (Middle East) W.L.L	Bahrain	49%		PO Box 5488, 43rd Floor, 4301, West Tower, Bahrain Financial Harbour, Bahrain
PVM Oil Associates Ltd	Bermuda			Cumberland House, 9th Floor, 1 Victoria Street, Hamilton, HM11, Bermuda
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
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
Vantage Capital Holdings Limited	British Virgin Islands			Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands
Catrex Limited	British Virgin Islands			Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Tullett Prebon Americas Corp., Toronto Branch	Canada			1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
Tullett Prebon Canada Limited	Canada			1 Toronto Street, Suite 301, PO Box 20, Toronto, Ontario, M5C 2V6, Canada
PVM Oil Associates Canada Ltd	Canada			400 3rd Avenue SW, Suite 3700, Calgary, AB T2P 4H2, Canada
SIF ICAP Chile Holdings Ltda	Chile	50%	2	Avenida Andres Bello 2711, Piso 8, Santiago, Chile
SIF ICAP Chile SpA	Chile	40%		Avenida Andres Bello 2711, Piso 8, Santiago, Chile
Prebon Yamane International Limited, Shanghai Representative Office	Operating in China			9th Floor, Room 1002, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China
Tullett Prebon SITICO (China) Limited	China	33%	16	9th Floor, Room 1001, DBS Tower, No.1318, Lujiazui Ring Road, Shanghai, 200120, China
ICAP Shipping (Shanghai) Co., Ltd.	China			Unit 2547, 25/F One Prime, 1361 North Sichuan Road, Hongkou District, Shanghai, China

Company name	Country of incorporation	Interest	Note	Registered office address
SET-ICAP Securities S.A.	Colombia	47.1%		Carrera 11 No. 93-46 - Oficina 403, Bogotá, Colombia
SET-ICAP FX S.A.	Colombia	47.9%		Carrera 11 No 93-46 - Oficina 403, Bogotá, Colombia
ICAP Colombia Holdings S.A.S.	Colombia	94.2%		Carrera 13 No. 97-76 - Office 501, Bogota, Colombia
ICAP Scandinavia Fondsmæglerselskab A/S	Denmark			Rentemestervej 14, Copenhagen NV, DK-2400, Denmark
ICAP del Ecuador S.A.	Ecuador			Eloy Alfaro 2515 y Catalina Aldáz, Quito, Ecuador
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 Deutschland GmbH	Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
ICAP Ltd. & Co. OHG	Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
ICAP Securities Limited, Frankfurt Branch	Operating in Germany			Stephanstrasse 14-16, 60313 Frankfurt am Main, Germany
Tullett Prebon (Securities) Limited, Frankfurt Branch	Operating in Germany			Bleidenstrasse 6-10, 60311 Frankfurt am Main, Germany
Intermoney AP & Co. Geld-und Eurodepotmakler OHG	Germany	75%	2	Stephanstrasse 3, 60313 Frankfurt am Main, Germany
ICAP US Holdings No 1 Limited	Gibraltar			Suite 1, Burns House, 19 Town Range, Gibraltar
ICAP US Holdings No 2 Limited	Gibraltar			Suite 1, Burns House, 19 Town Range, Gibraltar
Tullett Prebon Information Limited	Guernsey, Operating in UK			Regency Court Glategny Esplanade St Peter Port, GY1 1WW, Guernsey
Tullett Prebon (Hong Kong) Limited	Hong Kong		15	Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Tullett Prebon Asia Group Limited	Hong Kong			Suite 1001, 10/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
ICAP (Hong Kong) Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
TP ICAP Management Services (Hong Kong) Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
ICAP Securities Hong Kong Limited	Hong Kong			Units 2902-2909, 29th Floor, The Center, 99 Queen's Road, Central, Hong Kong
ICAP IL India Private Limited	India	40%	11	Office No. 6, 3rd Floor, C Wing, Laxmi Towers, Bandra Kurla Complex, Bandra (E), Mumbai, 400051, Maharashtra, India
PT ICAP Indonesia	Indonesia	99%		Menara Dea Tower II 12th Floor, Kawasan Mega Kuningan, Jl. Mega Kuningan Barat Kav. E4.3, Jakarta 12950, Indonesia
P.T. Inti Tullett Prebon Indonesia	Indonesia	57.52%		Wisma 46, Kota BNI, 9th Floor, JL Jendral Sudirman Kav.1, Jakarta, 10220, Indonesia
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
Prebon Limited, Tokyo Branch	Operating in Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
tpSEF Inc., Tokyo Branch	Operating in Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Prebon (Japan) Limited	Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
Tullett Prebon ETP (Japan) Ltd	Japan			Akasaka Tameike Tower 4th Floor, 2-17-7 Akasaka Minato-ku, Tokyo 107-0052, Japan
M.W. Marshall (Overseas) Limited	Jersey			Level 1, IFC 1 Esplanade, St Helier, JE2 3BX, Jersey
Prebon Marshall Yamane (C.I.) Limited	Jersey			Level 1, IFC 1 Esplanade, St Helier, JE2 3BX, Jersey
ICAP Foreign Exchange Brokerage Limited	Korea, Republic of			11th Floor, 20, Myeongdong 11-gil, Jung-gu, Seoul, 04538, Republic of Korea
Tullett Prebon Money Brokerage (Korea) Limited	Korea, Republic of			6th Floor, Booyoung Eulji Building, 29 Eulji-ro, Joong-gu, Seoul, Korea
ICAP Luxembourg Holdings (No. 1) S.A.R.L	Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
ICAP Luxembourg Holdings (No. 2) S.A.R.L	Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
ICAP US Holdings No 2 Limited, Luxembourg Branch	Operating in Luxembourg			17 Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg
Amanah Butler Malaysia Sdn Bhd	Malaysia	32.1%		802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tullett Prebon Mexico SA de CV	Mexico			Av. de Vasco de Quiroga 1900, Piso 4, Oficina 403, Colonia Centro Ciudad Santa Fe, Delegación Álvaro Obregón, C.P. 01210, México
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
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
SIF Agro S.A. De C.V.	Mexico	50%		Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico
SIF ICAP Derivados, S.A. DE C.V.	Mexico	50%	12	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico
SIF ICAP Servicios, S.A. de C.V.	Mexico	50%	13	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico
SIF ICAP, S.A. de C.V.	Mexico	50%	14	Paseo de la Reforma No 255, Piso 7, Colonia Cuauhtemoc, 06500 D F Mexico
ICAP Energy AS, Netherlands Branch	Operating in The Netherlands			Teleport Towers, 7th Floor, Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands
ICAP Energy Limited, Netherlands Branch	Operating in The Netherlands			Teleport Towers, 7th Floor, Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands
iSwap Euro B.V.	Netherlands	50.1%		Teleport Towers, 7th Floor, Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands
Astley & Pearce (International) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Astley & Pearce B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Astley & Pearce Investments B.V	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Holdings (Nederland) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Investments (Nederland) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Latin American Holdings B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Securities (No. 1) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Securities (No. 2) B.V.	Netherlands			Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
Prebon Holdings B.V.	Netherlands			Telestone 8 – Teleport, Naritaweg 165, 1043 BW, Amsterdam, Netherlands

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Liberty B.V.	Netherlands			Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
ICAP New Zealand Limited	New Zealand			Level 12, 36 Customhouse Quay, Wellington, 6000, New Zealand
ICAP African Brokers Limited	Nigeria	66.3%		Plot 1679, 4th Floor, African Re-Insurance Building, Karimu Kotun Street, Victoria Island, Lagos State, Nigeria
ICAP Energy AS	Norway			Storetveitvegen 96, 5072 Bergen, Norway
ICAP Energy Limited, Norway Branch	Operating in Norway			Storetveitvegen 96, 5072 Bergen, Norway
Datos Técnicos, S.A.	Peru	25%		Pasaje Acuña 106 - Lima, Peru
ICAP Management Services Limited, Philippine Branch	Operating in Philippines			14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
ICAP Philippines Inc.	Philippines	99.90%	3	14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
Tullett Prebon (Philippines) Inc.	Philippines	51%		14th Floor, RCBC Savings Bank Corporate Centre, 26th and 25th Streets, Bonifacio South, Bonifacio Global City, Taguig City, 1634, Philippines
Tullett Prebon (Polska) S.A	Poland		1	ul. Postepu 12, 00-676 Warszawa, Poland
TP ICAP Management Services (Singapore) Pte. Ltd	Singapore			50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore
Tullett Prebon (Singapore) Limited	Singapore			50 Raffles Place, #39-00, Singapore Land Tower, 048623, Singapore
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
ICAP (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
ICAP Energy Pte. Ltd.	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
ICAP Energy Limited, Singapore Branch	Operating in 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
ICAP Management Services Private Limited	Singapore		17	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
TP ICAP Holdings (Singapore) Pte. Ltd	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
Tullett Prebon Energy (Singapore) Pte. Ltd.	Singapore			50 Raffles Place, #41-00, Singapore Land Tower, 048623, Singapore
Garban South Africa (Pty) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Broking Services South Africa (Pty) Ltd	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Holdings South Africa (Pty) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
ICAP Securities South Africa (Proprietary) Limited	South Africa	66.3%		19 Impala Road, Block A GF, Chislehurston, Sandton, 2196, South Africa
Tullett Prebon South Africa (Pty) Limited	South Africa			3rd Floor, Fredman Towers, 13 Fredman Drive, Sandton 2196, Gauteng, South Africa
Corretaje e Informacion Monetaria y de Divisas SA	Spain	21.5%	4	Torre Picasso, Pza Pablo Ruiz Picasso, s/n-Plantas 22 y 23, 28020 Madrid, Spain
ICAP Energy AS, Spain Branch	Operating in Spain			Avenida de la Vega 1, Edificio, Planta 3, Office 15, Madrid, 28108 Alcobendas, Spain

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
ICAP Energy Limited, Spain Branch	Operating in Spain			Avenida de la Vega 1, Edificio, Planta 3, Office 15, Madrid, 28108 Alcobendas, Spain
Tullett Prebon (Europe) Limited, Spanish Branch	Operating in Spain			Torre Europa, Paseo de la Castellana 95, planta 10, 28046 Madrid, Spain
ICAP Energy Suisse S.A.	Switzerland			rue des Battoirs 7, c/o PKF Geneva SA, 1205 Geneve, Switzerland
Cosmorex AG	Switzerland			Zürcherstrasse 66, 8800 Thalwil, Switzerland
Tullett Prebon (Securities) Limited, Geneva Branch	Operating in Switzerland			route de Pré-Bois 29, World Trade Center II, 1215 Genève 15 cases, Switzerland
ICAP Securities Co., Ltd.	Thailand			No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
ICAP-AP (Thailand) Co., Ltd.	Thailand			No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
Nextgen Holding Co., Ltd.	Thailand	99.96%	8	No. 55 Wave Place Building, 13th Floor, Wireless Road, Khwaeng Lumpini, Khet Patumwan, Bangkok, 10330, Thailand
PVM Smart Learning Limited	UK	50%		1 The Lockers, Bury Hill, Hemel Hempstead, England, HP1 1SR
Tullett Liberty (Number 2) Limited	UK		17	3 Field Court, Gray's Inn, London, WC1R 5EF, England
Glia Ecosystems Limited	UK	20%		4 Claridge Court, Lower Kings Road, Berkhamsted, Hertfordshire, England, HP4 2AF
Zodiac Seven Limited	UK	35%		71-75 Shelton Street, Covent Garden, London, WC2H 9JQ
Automated Confirmation Service Limited	UK	75.75%		ISIS Building, Marsh Wall, London, E14 9SG, England
Altex-ATS Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Cleverpride Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Coex Nominee Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Coex Partners FX LLP	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Coex Partners Limited	UK		5	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco Bierbaum AP Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco International Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco Nominees Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Exco Overseas Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban Group Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban International	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital (2001) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital US Investments (Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital US Investments (No 1) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Harlow (London) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England

Company name	Country of incorporation	Interest	Note	Registered office address
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
ICAP WCLK Limited	UK			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
LiquidityChain Limited	UK	85%	3, 4	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
M.W. Marshall (U.K.) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Patshare Limited	UK	50%	3	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Group Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Prebon Yamane International Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
P V M Oil Consultants Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
P V M Oil Futures Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
P.V.M. Oil Associates Ltd, UK Branch	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Swardgreen Limited	UK	99.92%		Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
The Link Asset and Securities Company Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
TP ICAP (Europe)	Operating in UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
TP Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
tpSynrex Ltd	UK	50%		Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (European Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (Futures Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (Power) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty (Securities Holdings) Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Liberty Brokerage Services (UK) 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. 1)	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 Group Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Information Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Investment Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Latin America Holdings Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Tullett Prebon Pension Trustee Limited	UK			Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Fulton Prebon Group Limited	UK		17	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
iSwap Euro Limited	UK	50.1%		Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
iSwap Limited	UK	50.1%	9	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England

Company name	Country of incorporation	Interest	Note	Registered office address
M.W. Marshall Nominees Limited	UK		17	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
Tullett Prebon (Oil) Limited	UK		17	Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ, England
TP ICAP (Dubai) Limited	United Arab Emirates			Unit 107 & 108, Level 1, Gate Village Building 1, DIFC, PO Box 506787, Dubai, UAE
ICAP Merger Company LLC	US		6	80 State Street, Albany NY 12207, United States
M.W. Marshall Inc	US			80 State Street, Albany, NY 12207, United States
SCS Commodities Corp	US			80 State Street, Albany, NY 12207, United States
SCS Energy Corp	US			80 State Street, Albany, NY 12207, United States
SCS OTC Corp	US			80 State Street, Albany, NY 12207, United States
PVM Energy LLC	US			101 Hudson Street, Jersey City, New Jersey, 07302, United States
Exco Noonan Pension LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Broking Holdings North America LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Corporates LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Futures Holdings Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Global Broking Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Information Services Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP Media LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP 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
ICAP Spot USA LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
ICAP US Financial Services LLC	US		7	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
iSwap US Inc	US	50.1%		251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Linkbrokers Derivatives LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Wrightson ICAP LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
PVM Oil Associates Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Revelation Holdings, Inc.	US		18	251 Little Falls Drive, Wilmington, Delaware, 19808, United States
tpSEF Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
TP ICAP Americas Holdings Inc.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Americas Corp.	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Tullett Prebon Financial Services LLC	US		6	251 Little Falls Drive, Wilmington, Delaware, 19808, United States

Group undertakings continued

Company name	Country of incorporation	Interest	Note	Registered office address
Tullett Prebon Information Inc	US			251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Coex Partners Inc.	US			1209 Orange Street, Wilmington, Delaware, 19801, United States
First Brokers Securities LLC	US	40%	10	1209 Orange Street, Wilmington, Delaware, 19801, United States
ICAP United Inc.	US			1209 Orange Street, Wilmington, Delaware, 19801, United States
ICAP Energy LLC	US		6	9931 Corporate Campus Drive, Suite 2400, Louisville, Kentucky, 40223, United States
Axiom Atlas Sellco LLC	US		6, 17	1675 South State Street, Suite B, Dover, Delaware 19901, United States
PVM Futures Inc	US			Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey, 08628, United States
Atlas Commodity Markets, LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Atlas Petroleum Markets, LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Atlas Physical Grains, LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States
Axiom Refined Products LLC	US		6	Two Greenway Plaza, Suite 600, Houston, TX 77046, United States

Notes
1 In liquidation as at 31 December 2018.
2 Partnership interest
3 A ordinary shares
4 B ordinary shares.
5 Directly held.
6 Membership interest
7 Class A common shares, class B common shares and series B preferred shares.
8 Class B ordinary.
9 Voting, CM, DM and Deferred shares.
10 Class B units.
11 Non-cumulative non-convertible redeemable preference shares (100%) and ordinary shares (40%)
12 Series I ordinary shares and series II ordinary shares.
13 Series IB shares.
14 Class I Shares and Class II Shares.
15 Ordinary shares & Redeemable Preference shares.
16 Group B ordinary shares
17 Dissolved after 31 December 2018
18 Class A, Class B and Class C common shares

Glossary

Act
The Companies Act 2006

AGM
Annual General Meeting

APAC
Asia Pacific

API
Applications Programme Interface

Board
The Board of Directors of TP ICAP plc

BRC
Board Risk Committee

CAGR
Compound Annual Growth Rate

CAPM
Capital Asset Pricing Model

CCP
Central counterparty house clearing

CGU
Cash-Generating Unit

CLOB
Central Limit Order Books

Code
The UK Corporate Governance Code

COEX
Coex Partners Limited and its subsidiaries

Company
TP ICAP plc

COO
Chief Operating Officer

CRD IV
Capital Requirements Directive

CREST
Certificateless Registry for Electronic Share Transfer

Deloitte
Deloitte LLP

DRIP
Dividend Reinvestment Plan

EBITDA
Earnings before interest, tax, depreciation and amortisation

EMEA
Europe, Middle East and Africa

EPS
Earnings per Share

ERMF
Enterprise Risk Management Framework

EU
European Union

FCA
Financial Conduct Authority

FRC
Financial Reporting Council

FX
Foreign Exchange Currency

GEC
Global Executive Committee of TP ICAP plc

GERC
Group Executive Risk Committee

Group
TP ICAP plc and all of its subsidiaries

HMRC
Her Majesty's Revenue & Customs

HR
Human Resources

IAS
International Accounting Standards

ICAP
ICAP Global Broking and Information Business, acquired by TP ICAP plc on 30 December 2016

IFRS
International Financial Reporting Standard

ISDA
International Swaps and Derivatives Association

KPI
Key Performance Indicator

LTIP
Long Term Incentive Plan

LTIS
Long Term Incentive Scheme

MiFID II
Markets in Financial Instruments Directive

MOAB
Moab Oil Inc.

MTF
Multilateral Trading Facility

NDF
Non-Deliverable Forwards

NEX
Nex Group plc

OTC
Over the Counter

OTF
Organised Trading Facility

PBT
Profit before Tax

Pillar 1
Minimum capital requirements under CRD IV

Pillar 3
Disclosure requirements under CRD IV

PVM
PVM Oil Associates Ltd and its subsidiaries

RCF
Revolving Credit Facility

RCSA
Risk Control Self Assessment

RFQ
Request for Quotes

RoE
Return on Equity

SEF
Swap Execution Facility

TP
Tullett Prebon PLC
Changed its name to TP ICAP plc on 28 December 2016

TPI
Tullett Prebon Information

TP ICAP plc
Changed its name from Tullett Prebon plc on 28 December 2016

TSR
Total Shareholder Return

UK
United Kingdom

US/USA
United States of America

USD/US$
US Dollars

VAT
Value Added Tax

VIU
Value in use