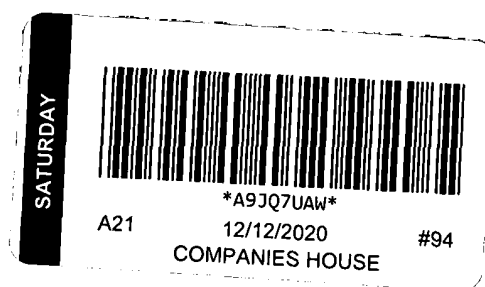


**Company Number 00500777**

**ICAP Securities Limited**

**Annual Report and Financial Statements - 31 December 2019**



**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Annual Report and the audited financial statements of ICAP Securities Limited (the "Company") for the year ended 31 December 2019.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The Company is a private limited company, incorporated in England and Wales, authorised and regulated by the Financial Conduct Authority ("FCA"). The Company is a wholly owned subsidiary within the TP ICAP plc group (the "Group"). The Company had a branch based in Germany that was previously regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"). The operational activities of this branch were transferred to a subsidiary of the Group and no longer forms part of the operational activities of the Company.

The directors consider that the year end financial position was satisfactory and are currently reviewing the role of the Company within the Group. As a result, it is expected that the Company will acquire the operational activities of certain fellow subsidiaries of the Group within the foreseeable future following the approval of these financial statements, allowing the Group to consolidate certain trading and broking activities.

The Company is active in wholesale markets across a wide range of asset classes which comprise credit, equities, rates, futures, emerging markets and commodities. This makes the business relatively resilient throughout the economic cycle.

The following comments are made on the main product areas within the business:

- Revenue for ICAP Securities was down on prior year, due to underperformance of Equities, Credit and Emerging Markets which was partially compensated by gains in FX, Money Markets, Energy and Commodities.
- The credit business comprises inter-dealer broking of corporate bonds and credit derivatives. The market continued to see muted volumes, which when coupled with ongoing low interest rates has meant market conditions remain tough. The shifting dynamics of credit markets with increased use of electronic platforms, changing client base from bank to buy side and the new regulatory landscape continues to drive focus toward the more profitable elements of the business where customer demand is expected to stabilise and then grow over time.
- Equities saw a downturn in the Structured Products business with revenues down year on year. In the previous year, a new arrangement was introduced whereby Group related companies introduce clients who trade on the Company's organised trading facilities ("OTF"). The revenue is recorded gross and the introductory fees are then recorded in admin expenses. This has resulted in an increase in revenue on ISL.
- Front office costs increased largely due to increased salary and clearing costs arising from the transfer in the operational activities of The Link Asset and Securities Company Limited in October 2019.
- The Company's activities have been impacted by Project Cosmos whereby operational activities of two fellow Group subsidiaries have transferred to the Company in October 2019. It is expected that further transfers of operational activities of fellow Group subsidiaries will take place during 2020.

**RESULTS**

The results of the Company are set out in the Statement of profit or loss on page 10.

The Profit after income tax for the financial year of £22,349,000 (2018: £25,924,000) has been transferred to Retained profits.

The Net assets of the Company are £401,152,000 (2018: £377,711,000).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risks in the Company's day to day operations can be categorised as Market, Credit, Operational, Liquidity, Capital management, Strategic and business risk.

Market risk is the vulnerability of the Company to movements in the value of financial instruments. Market risk may occur when one or both counterparties in a Matched principal transaction fail to fulfil their obligations (i.e. an initially unsettled transaction) or through trade mismatches or other errors. The risk in such situations is restricted to short-term price movements in the underlying securities held or to be delivered by the Company and to movements in foreign exchange and interest rates. These risks are further discussed in Note 3, Financial risk management.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company. The Company's business is contracted on an agency or intermediary basis, meaning that there is limited credit risk, as the exposure is principally to movements in securities prices and foreign exchange rates. A portion of transactions brokered by the Company are on a name passing basis, whereby the Company acts as agent in arranging the trade. Whilst the Company does not suffer exposure in relation to the underlying instrument brokered (given that the Company is not a principal to the trade), it is exposed to the risk that the client may fail to pay the brokerage charged.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risk covers a wide and diverse range of risk types. The overall objective of the Company's operational risk management is not to avoid all potential risks but to proactively identify and assess risks and risk situations and manage them in an efficient and informed manner.

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance ongoing operations or any reasonable unanticipated events on cost effective terms. Cash and cash equivalent balances are held with the principal objective of capital security and availability and with a secondary objective of generating return. Funding requirements and cash and cash equivalent exposures are monitored by Group Finance and Operations.

Capital management risk is the risk of failure to maintain adequate levels of capital. The Company is exposed to the risk of new regulations imposing a fundamental change to the structure or activity of financial markets, which in turn could result in the obligation to hold punitive levels of regulatory capital. The Company closely monitors regulatory developments in the market and is actively involved in the consultation and rule-setting process so as to ensure an informed debate on all regulatory issues potentially affecting IDB markets, both on an individual firm basis and through trade associations. The board also undertakes an informed assessment of whether the Company holds sufficient capital in the context of the business objectives taking into account the nature of its business model, its risk profile, its risk management framework and its appropriate resources held during the year.

Strategic and business risk is the risk that the Company's ability to do business might be damaged through its failure to adapt to changing market dynamics, customer requirements or the regulation of Over the counter ("OTC") markets and its participants. Business risk includes the Company's ability to tarnish its brand through fraudulent or rogue trading.

Ensuring that we were prepared for all Brexit eventualities has been a critical focus for TP ICAP.

There are two main business streams we need to consider when we leave the EU. The first is the business we carry out in the EU for EU clients. We have set up and capitalised a new company in Paris called TP ICAP Europe and moved our French, German Spanish and Danish trading branches to sit under this company. This means that the business we currently transact from these offices is protected in the event of a hard Brexit.

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

The second stream of business is the work we do for EU based clients through our broking desks in the UK. We have plans in place to protect this business by putting more front office staff in our EU offices and changing some of our workflows.

While the UK left the EU on the 31 January 2020 we are yet to know what the terms of leaving are and how that will impact our business. In the meantime, we continue to liaise with our clients to understand what plans they have so that we can continue to provide them with a high quality service. Ultimately, the distribution of our brokers between the UK and EU will depend on our clients' requirements. However, we continue to expect the UK to remain a major centre for financial, energy and commodities markets.

Management have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework. The Group has approved policies and procedures to manage key risks. Further details of the Enterprise Risk Management Framework are outlined in the Group's Annual Report, which does not form part of this report.

**Principal risks & uncertainties (continued)**

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the COVID-19 outbreak is resulting in governments around the world, including the United Kingdom, putting restrictions in place regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies, which include the introduction of measures to allow a significant proportion of our employees to work remotely, to safeguard their wellbeing and to continue Company operations and support of our clients. The full extent of how these conditions will impact the Company is not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

**SECTION 172(1) STATEMENT**

The directors provide this statement describing how they have had regard to the matters set out in Section 172(1) of the Companies Act 2006, when performing their duty to promote the success of the Company. Further details on key actions in this regard are also contained in the Group Corporate Governance Report. This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders.

**Our stakeholders**

The Company believes that engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. During 2019 we increased our focus on engagement with stakeholders as well as increasing our attention on environment, social and governance ("ESG") matters. During the year the Company strengthened its risk and governance framework with the adoption of a UK Regulated Entity Governance Framework which forms part of the Group's Governance Framework. The structure and format of Company and Committee papers have been reviewed and, as a result, changes were implemented to ensure that Section 172(1) considerations are considered in Board discussion and decision making.

- **Shareholders**

The directors believe that engagement with our shareholders is of key importance to the business. During the year, the directors considered, approved and paid dividends as appropriate to its shareholders, having considered the impact of a distribution on the long-term prospects of the business. Further information on the tailored engagement approach which is adopted towards the Group's shareholders is carried out at Group level, details of which are included in the Group's Annual Report which does not form part of this report.

- **Employees**

Employees are central to the long-term success of the Company, and, as such the directors consider their interests in its decision-making. During the year, engagement with employees was enhanced by the introduction of a Group Board Non-executive Director Engagement programme with employees. Following the inaugural meetings, The Chief Executive Officer for the EMEA region held a townhall session to provide feedback and discuss with employees the areas they wanted to prioritise and progress. The Group's core values of honesty, integrity, respect and excellence are integral to the long-term success of the business and the directors are committed to promoting a culture which embodies the highest possible standards. The "town hall" meeting was therefore an opportunity to reinforce the importance of conduct and culture to employees and underline the expectations of the business. The directors received feedback from the Chief Executive Officer, EMEA region on the outcomes of the engagement and "town hall" meeting. In the coming year the directors will continue to ensure that it has a well-developed structure through which it engages with its employees. Plans for 2020 include extending the reach of the employee sessions to other locations to ensure that the widest possible employee views are captured. Further details of the Group-wide programme and other Group-wide employee engagement and the Group's culture and values are set out on in the Group Annual Report which does not form part of this report.

- **Clients**

The Group Board has regular contact with our principal clients and during the year meetings were held with clients to understand what actions they were taking in relation to Brexit. Further details of engagement with clients is provided in the Group Annual Report which does not form part of this report.

- **Regulators**

The directors recognise the importance of engaging with the FCA and other regulatory bodies to better understand and respond to their views. During the year the directors engaged with the FCA and the AMF, the French financial markets regulator, to discuss Brexit plans. The directors also received updates on engagement with the Regulators through Board reporting. The Group coordinates engagement with the Regulators in relation both to the Group and this entity and further details can be read in the Group's Annual Report which does not form part of this report.

- **Suppliers**

The directors recognise the importance of engagement with our key infrastructure suppliers to monitor performance and manage risk and receives updates on Payment Practices Reporting biannually. In 2020 the directors will receive regular updates on Payment Practices initiatives regarding suppliers which will further strengthen its oversight of and engagement with suppliers. Key supplier engagement is also carried out at Group level and is discussed in detail in the Group Annual Report which does not form part of this report.

**Environment and Community**

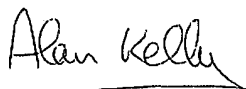
The directors are aware of society's increasing focus on ESG and is committed to striving to operate in a sustainable and responsible way whilst delivering value for our stakeholders. During the year the Group Board monitored the Group-wide "A Voice for All" corporate responsibility strategy, launched in 2018 which focusses on all our stakeholders including employees, clients, society and the wider environment within which we operate. Further details of the Group's key community initiatives and reporting on greenhouse gas emissions can be found in the Strategic report and Directors' report within the Group's Annual Report which does not form part of this report.

**KEY PERFORMANCE INDICATORS**

The Company's return on assets, calculated as net profit divided by net assets, is 5.6% (2018: 6.9%). This is in line with management expectations.

The directors of TP ICAP plc manage the Group's operations on a regional basis. For this reason, the Company's directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of The Group, which includes the Company, are discussed in the Group's Annual Report, which does not form part of this report.

This report has been approved by the board of directors and signed by order of the board:



---

A Kelly  
Director

22 April 2020

**DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**  
**PRINCIPAL ACTIVITIES**

The Company's principal activity is to act as a broker in the interdealer market. The Company is authorised and regulated by the FCA. It is anticipated that the Company will continue its present business activities for the foreseeable future.

During the year Harlow (London) Limited and The Link Asset and Securities Company Limited transferred their operational activities to ICAP Securities Limited.

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company limited by shares. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

Details of business review and future developments can be found in the Strategic Report on page 1.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Principal risks and uncertainties are explained in the Strategic Report, pages 2 to 3 and detailed in Note 3, Financial risk management.

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further detail regarding the adoption of the going concern basis, which includes consideration of the potential impact of COVID-19, is detailed in Note 1, General information and principal accounting policies.

**DIVIDENDS**

During the year ended 31 December 2019 the directors declared and paid dividends on the ordinary shares of £14,500,000 (2018: £11,000,000). No further dividends have been proposed up to the date of signing.

**DIRECTORS**

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

N Breteau

A Kelly (Appointed on 18 October 2019)

M Planquart (Appointed on 18 October 2019)

R Stewart (Appointed on 9 December 2019)

P Randall (Appointed 23 March 2020)

S Sparke (Appointed 23 March 2020)

M Lynch (Appointed 17 April 2020)

L Mayhew (Appointed 17 April 2020)

J Scard-Morgan (Resigned on 22 July 2019)

G Stewart (Resigned on 6 December 2019)

F Vogels (Resigned on 27 June 2019)

**DIRECTOR'S INDEMNITIES**

The Company's ultimate parent, TP ICAP plc, has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report

**SECTION 172(1) STATEMENT**

The Company has prepared a statement in compliance with Section 172(1) of the Companies Act 2006. Details of this statement can be found in the Strategic Report on page 3.

**ENVIRONMENTAL POLICY**

TP ICAP recognises it has a responsibility to help protect the environment and respond to the global climate crisis. This means minimising the environmental impact of our operations.

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. These policies and practices are outlined in the Group's Annual Report, which does not form part of this report.

## **POLITICAL CONTRIBUTIONS**

There were no political contributions made by the Company during the financial year (2018: £Nil).

## **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## **EMPLOYEE CONSULTATION**

The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age, sexual orientation or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

The Company participates in the Group's policies and practices relating to current and prospective employees. These policies and practices are outlined in the Group's Annual Report which does not form part of this report.

## **POST BALANCE SHEET EVENTS**

On 28 February 2020, ICAP Europe Limited transferred its operational activities to the Company for Nil consideration. To provide for increased capital requirements, the Company issued one share to Tullett Prebon Investment Holdings Limited for consideration of £30,000,000.

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the COVID-19 outbreak is resulting in governments around the world, including the UK, putting restrictions in place regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies to safeguard the wellbeing of its employees, the continuation of its operations and the support of its clients. The full extent of how these conditions will impact the Company are not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

## **INDEPENDENT AUDITOR**

The Company's incumbent auditor, Deloitte LLP, have indicated their willingness to continue in office and, in the absence of an Annual General Meeting, are deemed reappointed in the next financial year.

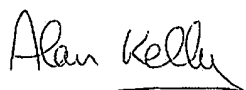
## **PROVISION OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the 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.

This report is authorised for issue by the board of directors.

Approved by the board and signed on its behalf by:



A Kelly  
Director

22 April 2020

Company number: 00500777

**ICAP Securities Limited**  
**Directors' responsibilities statement**  
**31 December 2019**

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 have elected to prepare the financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**ICAP Securities Limited**  
**Independent auditor's report to the members of ICAP Securities Limited**  
**31 December 2019**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of ICAP Securities Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the statement of profit or loss;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

We have nothing to report in respect of these matters.

**ICAP Securities Limited**  
**Independent auditor's report to the members of ICAP Securities Limited**  
**31 December 2019**

**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 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 Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by 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 Company and its 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**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**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.



**Ben Jackson FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
22 April 2020

**ICAP Securities Limited**  
**Statement of profit or loss**  
**For the year ended 31 December 2019**

	Note	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Revenue</b>	4	97,390	102,087
Other operating (expenses) / income	8	(794)	165
<b>Expenses</b>			
Administrative expenses	5	<u>(83,746)</u>	<u>(84,538)</u>
<b>Operating profit</b>		12,850	17,714
Interest receivable and similar income	9	1,895	1,508
Interest payable and similar expenses	10	(20)	(2)
Dividends received	11	27,100	10,500
Impairment of investments in subsidiaries	13	<u>(17,141)</u>	<u>-</u>
<b>Profit before income tax</b>		24,684	29,720
Income tax	12	<u>(2,335)</u>	<u>(3,796)</u>
<b>Profit after income tax for the year</b>		<u><u>22,349</u></u>	<u><u>25,924</u></u>

The operating profit for the current and prior year is derived solely from continuing operations.

*The above Statement of profit or loss should be read in conjunction with the accompanying notes*

**ICAP Securities Limited**  
**Statement of other comprehensive income**  
**For the year ended 31 December 2019**

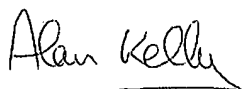
	<b>Year ended 31 Dec 2019 £'000</b>	<b>Year ended 31 Dec 2018 £'000</b>
<b>Profit after income tax for the year</b>	22,349	25,924
<b>Other Comprehensive income / (loss)</b>		
<b>Items that may be reclassified subsequently to the Statement of profit or loss</b>		
Translation of overseas branches	(63 )	16
Revaluation of financial assets held at FVOCI	<u>155</u>	<u>(155)</u>
Other Comprehensive income / (loss) for the year, net of tax	<u>92</u>	<u>(139)</u>
<b>Total Comprehensive income for the year</b>	<u><u>22,441</u></u>	<u><u>25,785</u></u>

*The above Statement of other comprehensive income should be read in conjunction with the accompanying notes*

**ICAP Securities Limited**  
**Balance sheet**  
**As at 31 December 2019**

	Note	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	13	243,794	270,986
Intangibles	14	12,051	-
Deferred tax asset	12	33	97
Total non-current assets		<u>255,878</u>	<u>271,083</u>
<b>Current assets</b>			
Debtors	15	3,013,532	2,033,734
Other financial investments	16	39,799	39,168
Cash and cash equivalents	17	47,759	29,658
Total current assets		<u>3,101,090</u>	<u>2,102,560</u>
<b>Total assets</b>		<u>3,356,968</u>	<u>2,373,643</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors	18	2,953,125	1,981,026
Bank loans and overdrafts	19	1,566	11,956
Tax payable	12	1,125	2,839
Provisions	20	-	111
Total current liabilities		<u>2,955,816</u>	<u>1,995,932</u>
<b>Total liabilities</b>		<u>2,955,816</u>	<u>1,995,932</u>
<b>Net assets</b>		<u>401,152</u>	<u>377,711</u>
<b>Equity</b>			
Issued capital	21	351,331	351,331
Share premium	22	28,804	13,304
Retained profits		<u>21,017</u>	<u>13,076</u>
<b>Total equity</b>		<u>401,152</u>	<u>377,711</u>

The financial statements on page 10 to 33 were approved and authorised for issue by the board of directors on 22 April 2020 and were signed on its behalf by:



A Kelly  
Director

22 April 2020

Company number: 00500777

*The above Balance sheet should be read in conjunction with the accompanying notes*

**ICAP Securities Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	<b>Issued capital £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2018	351,331	-	9,700	(9,990)	351,041
Profit after income tax for the year	-	-	-	25,924	25,924
Other Comprehensive loss for the year, net of tax	-	-	-	(139)	(139)
Total Comprehensive income for the year	-	-	-	25,785	25,785
Transfer from Other reserves to Retained profits	-	-	(9,700)	9,700	-
Shares issued during the year	-	13,304	-	-	13,304
Expected credit loss	-	-	-	(1,480)	(1,480)
Deferred tax	-	-	-	61	61
Dividends paid (Note 23)	-	-	-	(11,000)	(11,000)
Balance at 31 December 2018	<u>351,331</u>	<u>13,304</u>	<u>-</u>	<u>13,076</u>	<u>377,711</u>
	<b>Issued capital £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2019	351,331	13,304	-	13,076	377,711
Profit after income tax for the year	-	-	-	22,349	22,349
Other Comprehensive income for the year, net of tax	-	-	-	92	92
Total Comprehensive income for the year	-	-	-	22,441	22,441
Shares issued during the year	-	15,500	-	-	15,500
Dividends paid (Note 23)	-	-	-	(14,500)	(14,500)
Balance at 31 December 2019	<u>351,331</u>	<u>28,804</u>	<u>-</u>	<u>21,017</u>	<u>401,152</u>

*The above Statement of changes in equity should be read in conjunction with the accompanying notes*

**Note 1. General information and principal accounting policies**

**General information**

The Company is a private company limited by shares, incorporated in England and Wales. The registered office is Floor 2, 155 Bishopsgate, London, England. EC2M 3TQ.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Going concern**

After consideration of the Company's business review and the risks and uncertainties; including the risks related to Brexit and the uncertainties related to the current Covid-19 pandemic as set out in the Strategic Report, and having considered the Company's forecasts including the liquidity and capital, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least the twelve months from the date of approval of the financial statements. Accordingly, the going concern basis continues to be used in preparing these financial statements.

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006. As permitted, the Company has taken advantage of disclosure exemptions, including: Statement of cash flows, disclosure of new accounting standards not yet mandatory, presentation of comparative information for tangible and intangible fixed assets, key management compensation, related party transactions between wholly owned Group companies and share-based payments. Where relevant, equivalent disclosures have been given in the Group financial statements of TP ICAP plc. Items which are of a non-recurring nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Company's results.

The Company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by the ultimate parent company TP ICAP plc.

The Company's ultimate parent is TP ICAP plc (incorporated in the United Kingdom) whose consolidated financial statements are available from Companies House.

The financial statements are prepared in Pound sterling, which is the functional currency of the Company.

**Historical cost convention**

The financial statements are prepared under the historical cost convention, as modified by financial instruments recognised at fair value.

**Revenue**

Revenue comprises of:

Matched Principal brokerage, where commission income represents the differential between consideration received from the sale of the security and that paid on its purchase. Settlement of such transactions are primarily on a delivery vs payments basis ("DVP") and typically takes place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a legally enforceable netting agreement exists and assets whereby the liabilities are settled net or simultaneously.

Agency brokerage, where the Company earns commission on transactions where it acts as agent. The Company acts in a non-advisory capacity to match buyers and sellers of financial instruments and raises invoices for the service provided. The Company does not act as principal and only receives and transmits orders between counterparties. Amounts receivable at the year end are reported as Agency trade debtors within Debtors.

Executing on Exchange brokerage, where the Company acts as an agent of exchange listed products transacting as principal to the trade. The trade is then novated to the underlying client's respective clearing broker for settlement.

**Note 1. General information and principal accounting policies (continued)**

The Company has applied IFRS 15, a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A contract-based revenue recognition model is used, with a measurement approach that is based on an allocation of the transaction price. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, which is normally trade date, or at the time of the simultaneous commitment by the counterparties to sell and purchase the financial instrument. Revenue is stated net of VAT, rebates and discounts. Amounts receivable at the year end are reported in Note 15, Current assets - Debtors.

**Pension costs**

Certain employees of the Company participate in a Group defined contribution pension scheme operated by TP ICAP plc. The Company's contributions to the scheme are charged to the Statement of profit or loss on an accruals basis.

**Interest receivable and similar income**

Interest revenue is recognised as interest and accrues using the applicable effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Interest payable and similar expenses**

Interest expenditure is recognised as interest and accrues using the applicable effective interest method. Finance costs directly attributable to Tangible assets are capitalised as part of the asset. This is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to the net carrying amount of the financial liability. All other finance costs are expensed in the period in which they are incurred.

**Dividend received**

Dividend income is recognised upon declaration or when it becomes receivable.

**Tax**

Tax on the profit or loss for the financial year comprises both current and deferred tax as well as any adjustment in respect of prior years. Tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Calculations of current and deferred tax liability are based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax amounts in the year in which a reassessment of the liability is made.

**Deferred tax**

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**Dividend paid**

Dividends are recognised as deductions from retained profits in the year in which they are paid.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into functional currency at the rates of exchange prevailing on the date of each transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currency are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the Statement of profit or loss. Non-monetary assets and liabilities carried at fair value denominated in foreign currency are translated at the rates prevailing at the date when the fair value was determined.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are recorded in other comprehensive income and transferred to the Company's Retained profits.



**Note 1. General information and principal accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand, demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash within less than three months.

**Debtors**

Debtors are recognised at amortised cost less provision for impairment. All provisions are recorded within Administrative expenses in the Statement of profit or loss.

**Creditors**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and where the invoice is unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

**Restricted funds**

Restricted funds comprise cash held with a central counterparty clearing house ("CCP"), cash held with a financial institution providing the Company with access to a CCP, or funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Company does not have immediate and direct access or for which regulatory requirements restrict its use.

**Financial instruments**

The Company has applied IFRS 9 in valuing its financial instruments. The Company had no hedging relationships as at this date or during the current reporting period. 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 exist three principal classification categories for financial assets that are debt instruments:

- (i) fair value through other comprehensive income 'FVOCI',
- (ii) fair value through profit or loss 'FVTPL' and
- (iii) amortised cost.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis.

Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in the Statement of profit or loss unless an irrevocable election has been made to recognise gains or losses in OCI. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as an asset measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is measured at amortised cost only if both following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

**Impairment of financial assets**

IFRS 9 applies the Expected Credit Loss ("ECL") model to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of Debtors and Cash and cash equivalents. ECL of debtors is calculated using simplified method (lifetime ECL) while Intercompany positions adopt the general approach (12 month ECL). Financial assets at FVOCI consist of Other financial investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: that result from expected default events within 12 months of the reporting date; and
- lifetime ECLs: that result from all default events anticipated during the expected life of a financial instrument.

**Note 1. General information and principal accounting policies (continued)**

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- Cash and cash equivalents for which credit risk has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for Debtors at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company 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 Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per both Standard & Poor's or Fitch. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of Expected Credit Loss ("ECL")**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events have occurred that have a detrimental impact on estimated future cash flows of the financial asset.

**Intercompany current accounts**

Intercompany current accounts are shown in accordance with the netting agreement, which allows netting of bilateral intercompany balances within entities that are party to the netting agreement.

**Intercompany loan**

Intercompany loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Settlement balances**

The Company engages in Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions typically takes place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a legally enforceable netting agreement exists and assets and liabilities are settled net or simultaneously.

**Intangible assets - Goodwill**

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at fair value less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

**Note 1. General information and principal accounting policies (continued)**

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Stock borrowing loans**

The Company acts as intermediary between 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 from customers are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned. These are carried at fair value.

**Bank loans and Overdrafts**

Bank loans and overdrafts are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event where it is probable that the Company will be required to settle the obligation in part or full, and a reliable estimate can be made of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Investment in subsidiaries**

Investments comprise equity shareholdings. These investments are recorded at historic cost less provision for any impairment in their values. A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

**Impairment of subsidiaries**

An impairment review is undertaken at each balance sheet date or when events or changes in circumstances indicate that an impairment loss may have occurred. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For non-financial assets, Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

Ordinary shares are classified as equity.

**Client money**

The Company holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority ("FCA"). Since the Company is not beneficially entitled to these amounts, they are excluded from the Balance Sheet along with the corresponding liabilities to customers. The net return received on managing client money is included within interest income.

**New and revised IFRS in issue and mandatorily effective during the year**

Management have reviewed the new and revised IFRS in issue and mandatorily effective during the year. These standards have not had a material impact on the financial statements of the Company in the period of initial application

**New and revised IFRS in issue but not yet effective**

Management have reviewed the new and revised IFRS in issue but not yet effective and anticipates these standards will have no material impact on the financial statements of the Company in the period of initial application.

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 2. Key accounting judgements and sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates, and assumptions and there are no sources of estimation uncertainty that are likely to affect the current or future financial years other than noted below:

As at 31 December 2019, significant judgements and assumptions were applied to the valuation of the investment in ICAP Holdings (UK) Limited. The value of the investment is based on discounted cash flows pertaining to the subsidiaries held by ICAP Holdings (UK) Limited.

**Note 3. Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks, including market, credit, liquidity and capital management risk. The overall financial risk management framework, strategy and policies of the Company are determined by the board of its ultimate parent company, TP ICAP plc. It does this through the Board Risk Committee, Group Executive Risk Committee and regional risk committees. The Company does not manage its own financial risk framework.

**Financial assets**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Debtors less prepayments (Note 15)	3,013,065	2,033,510
Other financial investments (Note 16)	39,799	39,168
Cash and cash equivalents (Note 17)	47,759	29,658
	<hr/>	<hr/>
Total financial assets	<u>3,100,623</u>	<u>2,102,336</u>

**Market risk**

Market Risk includes risks arising from movements in foreign exchange, interest rates, market prices and fair value.

*Foreign exchange risk*

The Company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements. Transactional exposure arises from expenses incurred and revenue earned in currencies other than the Company's functional currency (sterling). Translational exposure arises on the conversion of the foreign currency denominated assets and liabilities into sterling.

It is estimated that a 10 cent increase in the exchange rates of United States Dollar and Euro against sterling as at 31 December 2019, would negatively impact the Company's Statement of profit or loss and Retained profits by £345,000 and £405,000 respectively (2018: £158,000 and £218,000). Any movements in the remainder currencies against sterling is not expected to have a significant impact on the financial statements (2018: £Nil).

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Financial risk management (continued)**

The table below summarises the Company's exposure to foreign and domestic currencies as at 31 December 2019:

	<b>USD £'000</b>	<b>EUR £'000</b>	<b>Other £'000</b>	<b>GBP £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Debtors less prepayments	439,411	1,549,000	179,656	844,998	3,013,065
Other financial investments	-	-	-	39,799	39,799
Cash and cash equivalents	2,336	1,760	537	43,126	47,759
<b>Total financial assets</b>	<b>441,747</b>	<b>1,550,760</b>	<b>180,193</b>	<b>927,923</b>	<b>3,100,623</b>
<b>Liabilities</b>					
Creditors	(437,013)	(1,546,889)	(177,100)	(792,123)	(2,953,125)
Bank loans and overdraft	-	1,051	(2,592)	(25)	(1,566)
<b>Total financial liabilities</b>	<b>(437,013)</b>	<b>(1,545,838)</b>	<b>(179,692)</b>	<b>(792,148)</b>	<b>(2,954,691)</b>
<b>Net financial assets</b>	<b>4,734</b>	<b>4,922</b>	<b>501</b>	<b>135,775</b>	<b>145,932</b>

The table below summarises the Company's exposure to foreign and domestic currencies as at 31 December 2018:

	<b>USD £'000</b>	<b>EUR £'000</b>	<b>Other £'000</b>	<b>GBP £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Debtors less prepayments	445,862	765,868	405,815	415,965	2,033,510
Cash and cash equivalents	245	695	890	27,828	29,658
<b>Total financial assets</b>	<b>446,107</b>	<b>766,563</b>	<b>406,705</b>	<b>443,793</b>	<b>2,063,168</b>
<b>Liabilities</b>					
Creditors	(438,278)	(762,720)	(400,979)	(379,049)	(1,981,026)
Bank loans and overdraft	(5,654)	(1,190)	(4,997)	(115)	(11,956)
Provisions	-	-	-	(111)	(111)
<b>Total financial liabilities</b>	<b>(443,932)</b>	<b>(763,910)</b>	<b>(405,976)</b>	<b>(379,275)</b>	<b>(1,993,093)</b>
<b>Net financial assets</b>	<b>2,175</b>	<b>2,653</b>	<b>729</b>	<b>64,518</b>	<b>70,075</b>

*Interest rate risk*

The Company's interest rate risk arises from Cash and cash equivalents and Intercompany balances where changes in market interest rates can have an adverse impact on cash flows and income streams. Interest rate risk is monitored at a Group level by the Board Risk Committee. In terms of cash and other interest bearing investments, the Company must comply with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. Limits are in place to restrict the amount that can be invested at one institution and all investments must be credit rated AA or above and be for less than 18 months, unless approved by the Board Risk Committee.

The Company estimates that an increase of 1% in interest rates would positively impact the Company's Statement of profit or loss and Retained profits by £863,000 (2018: £177,000).

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Financial risk management (continued)**

The Company's interest rate profile as at 31 December 2019 was as follows:

	None £'000	Fixed £'000	Variable £'000	Total £'000
<b>Assets</b>				
Debtors less prepayments	2,964,450	-	48,615	3,013,065
Other financial investments	-	39,799	-	39,799
Cash and cash equivalents	4,473	-	43,286	47,759
<b>Total financial assets</b>	<b>2,968,923</b>	<b>39,799</b>	<b>91,901</b>	<b>3,100,623</b>
<b>Liabilities</b>				
Creditors	(2,953,125)	-	-	(2,953,125)
Bank loans and overdraft	-	-	(1,566)	(1,566)
<b>Total financial liabilities</b>	<b>(2,953,125)</b>	<b>-</b>	<b>(1,566)</b>	<b>(2,954,691)</b>

The Company's interest rate profile as at 31 December 2018 was as follows:

	None £'000	Fixed £'000	Variable £'000	Total £'000
<b>Assets</b>				
Debtors less prepayments	2,033,510	-	-	2,033,510
Cash and cash equivalents	-	-	29,658	29,658
<b>Total financial assets</b>	<b>2,033,510</b>	<b>-</b>	<b>29,658</b>	<b>2,063,168</b>
<b>Liabilities</b>				
Creditors	(1,981,026)	-	-	(1,981,026)
Bank loans and overdraft	-	-	(11,956)	(11,956)
Provisions	(111)	-	-	(111)
<b>Total financial liabilities</b>	<b>(1,981,137)</b>	<b>-</b>	<b>(11,956)</b>	<b>(1,993,093)</b>

*Price risk*

The Company is exposed to price risk when one or both counterparties in a matched principal or stock lending transaction fail to fulfil their obligations, through trade mismatches or other errors. Risk is restricted to short term price movements in the underlying stock position.

To the extent that any exist, unmatched transactions are identified and monitored on a daily basis. The Group has policies and procedures in place to reduce the likelihood of such situations, but should they arise, the policy is to close out positions immediately or, with Senior Management approval, to carry them with an appropriate hedge in place.

The Company expects that movement in the price of assets and liabilities in matched principal transactions will not have a material effect on the Statement of profit or loss of the Company.

*Fair value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial instruments are determined as per the Company's accounting policies.

As at 31 December 2019 there were no financial assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2018: £Nil).

**Note 3. Financial risk management (continued)**

**Credit risk**

Credit risk arises from the potential that a counterparty is unable or unlikely to perform an obligation resulting in a loss for the Company. When the Company enters into transactions only when executing on behalf of customers, providing customer access to clearing, or provides additional fee-based services to customers, there does exist short-term credit exposure, prior to clearing and settlement, and outstanding receivables that the Company manages. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee. Limits are set based on Group parameters determining the maximum loss any one company (within the Group) can suffer as a result of counterparty default.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to Debtors (Note 15) and Cash and cash equivalents, (Note 17). In a matched principal transaction there is a simultaneous commitment by the counterparties to sell and purchase a financial instrument, meaning that there does exist short-term credit exposure, prior to clearing and settlement.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This ensures that the Company can meet present and future financial obligations as they fall due and comply with regulatory requirements. The Board Risk Committee monitors free cash resources ensuring that all companies within the Group maintain sufficient resources to finance their operations and that all investments comply with the Enterprise Risk Management Framework. This dictates borrowing and investing limits based on an institution's credit rating and the nature of financial instruments that can be held. The Company's exposure to liquidity risk is considered insignificant.

The following tables show the maturity of the Company's liabilities:

	<b>On demand £'000</b>	<b>Less than 3 months £'000</b>	<b>3 months to 1 year £'000</b>	<b>More than 1 year £'000</b>	<b>Total £'000</b>
<b>31 December 2019</b>					
Creditors	(2,901,420)	(50,163)	(1,542)	-	(2,953,125)
Bank loans and overdraft	(1,566)	-	-	-	(1,566)
<b>Total financial liabilities</b>	<b>(2,902,986)</b>	<b>(50,163)</b>	<b>(1,542)</b>	<b>-</b>	<b>(2,954,691)</b>
<b>31 December 2018</b>					
Creditors	(1,859,971)	(117,467)	(3,588)	-	(1,981,026)
Bank loans and overdraft	(11,956)	-	-	-	(11,956)
Provisions	-	-	(111)	-	(111)
<b>Total financial liabilities</b>	<b>(1,871,927)</b>	<b>(117,467)</b>	<b>(3,699)</b>	<b>-</b>	<b>(1,993,093)</b>

**Capital management**

The Company's capital strategy is to maintain an effective and strong capital base, which maximises the return to its shareholders, while also maintaining flexibility and ensuring compliance with supervisory regulatory requirements. The capital structure of the Company consists of debt and equity, including Issued capital, Share premium, Other reserves and Retained profits.

The Company seeks to ensure that it has sufficient regulatory capital to meet regulatory requirements.

The regulatory capital level is set in accordance with the FCA's capital requirements. The approach is to hold an appropriate surplus over the minimum. The Group evaluates at the Company level the risks facing the business, to determine whether its capital is sufficient to cover any expected losses.

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 4. Revenue**

Revenue by type:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Brokerage fee income	97,144	101,978
Other income	246	109
Total revenue	<u>97,390</u>	<u>102,087</u>

Revenue by geographical market:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
EMEA	<u>97,390</u>	<u>102,087</u>

**Note 5. Administrative expenses**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Employment costs (Note 6)	30,962	28,524
Other staff costs	264	251
Travel and entertainment	971	689
Market data and telecommunications	8,483	6,442
Professional fees	1,165	265
Service fees	25,678	28,361
Introductory fees	14,388	18,642
Expected credit loss	503	645
Charitable donations	594	474
Loss on sale of listed and other fixed asset investments	194	-
Other administrative costs	544	245
	<u>83,746</u>	<u>84,538</u>

Fees paid to the Company's auditor, Deloitte LLP, and its associates for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of its parent, TP ICAP plc, include these fees on a consolidated basis.

Fees payable for the audit of the financial statements were £154,891 (2018: £150,380)



**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 6. Employment costs**

Staff expenses borne by the Company comprise:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Wages, salaries, bonuses and incentive payments	27,050	24,919
Social security	3,776	3,510
Other pension	136	95
<b>Total employment costs</b>	<b>30,962</b>	<b>28,524</b>

For the year ended 31 December 2019, the average number of employees identified as being directly involved in the operation of the Company was 96, comprising of 96 brokers and 1 support staff (2018: 84, comprising 84 brokers and Nil support staff).

Employment costs were borne by a fellow subsidiary company of The Group and were charged to the Company by way of management charges.

**Note 7. Directors Remuneration**

Remuneration payable to the directors in respect of their services to the Company comprise the following:

	Year ended 31 Dec 2019 Total £'000	Year ended 31 Dec 2019 Highest Paid Director £'000	Year ended 31 Dec 2018 Total £'000	Year ended 31 Dec 2018 Highest Paid Director £'000
Aggregate emoluments	1,070	891	1,907	763
Defined contribution pension schemes	8	-	13	-
	<b>1,078</b>	<b>891</b>	<b>1,920</b>	<b>763</b>

As at 31 December 2019, no retirement benefits are accruing to directors (2018: £Nil) under defined contribution schemes sponsored by The Group. The Company's directors who served during the period were also directors of TP ICAP plc, the ultimate parent undertaking. Their total remuneration for the period is disclosed in the financial statements of TP ICAP plc.

**Note 8. Other operating (expenses) / income**

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

**Note 9. Interest receivable and similar income**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Interest receivable from Group related company	1,744	1,205
Bank deposit	151	303
	<b>1,895</b>	<b>1,508</b>

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 10. Interest payable and similar expenses**

	<b>Year ended 31 Dec 2019 £'000</b>	<b>Year ended 31 Dec 2018 £'000</b>
Settlement balances and bank overdrafts	<u>20</u>	<u>2</u>

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 11. Dividends received**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Dividend income from Subsidiaries	<u>27,100</u>	<u>10,500</u>

**Note 12. Income tax**

Analysis of charge for the year:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Current tax</b>		
UK Corporation tax - current year	2,897	3,639
Deferred tax - current year	41	81
Adjustment recognised for prior years - current tax	(670)	127
Adjustment recognised for prior years - deferred tax	23	(94)
Overseas tax	<u>44</u>	<u>43</u>
<b>Aggregate income tax</b>	<u>2,335</u>	<u>3,796</u>
Deferred tax included in income tax comprises:		
Decrease in deferred tax assets	<u>41</u>	<u>81</u>
<b>Numerical reconciliation of income tax at the statutory rate</b>		
Profit before income tax	<u>24,684</u>	<u>29,720</u>
Tax at the statutory tax rate of 19%	4,690	5,647
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	188	108
Non-taxable income	(5,149)	(1,995)
Non tax deductible impairment in subsidiary	<u>3,257</u>	<u>-</u>
	2,986	3,760
Adjustment recognised for prior years - current tax	(670)	127
Adjustment recognised for prior years - deferred tax	22	(94)
Deferred tax at different rates	<u>(3)</u>	<u>3</u>
<b>Income tax</b>	<u>2,335</u>	<u>3,796</u>
<b>Effective tax rate</b>	<b>9.5%</b>	<b>12.8%</b>

In the UK, legislation to reduce the corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 has been enacted. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2019 and at a rate of 17% thereafter. The government has announced that the reduction to 17% will not go ahead but this has not as yet been enacted. Therefore the deferred tax balances in these financial statements reflect the current legislation.

In accordance with the Capital Requirements Directive IV (CRD IV) and the associated Capital Requirements (Country-by-Country Reporting) Regulations 2013, the Company will publish additional information at the following web address: [www.tpicap.com](http://www.tpicap.com).

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 12. Income tax (continued)**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Amounts credited directly to equity</b>		
Deferred tax assets	-	(61)
	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Deferred tax</b>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Capital allowances	17	16
Other timing differences	16	20
	33	36
Amounts recognised in equity:		
IFRS 9 adjustment	-	61
Deferred tax asset	33	97
Movements:		
Opening balance	97	23
Charged to profit or loss	(41)	(81)
Credited to equity	-	61
Prior year adjustment	(23)	94
Closing balance	33	97
	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Provision for income tax	1,125	2,839

**Note 13. Non-current assets - Investment in subsidiaries**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Investment in subsidiaries	270,986	261,974
Increased of investment in subsidiary undertakings	2,000	9,012
Reclassification of investment in subsidiary undertakings	(12,051)	-
Impairment of investment in subsidiary undertakings	(17,141)	-
	243,794	270,986

**Note 13. Non-current assets - Investment in subsidiaries (continued)**

The directors believe that the carrying value of the investments is supported by their underlying net assets. The investments in subsidiary undertakings are stated at cost less impairment.

Determining whether the carrying value of investments in subsidiaries is impaired requires an estimation of the recoverable amount of each subsidiary. The recoverable amount is the higher of value in use ('VIU') or its Net realisable value ('NRV'). Value in use requires estimation of future cash flows expected to arise, the selection of suitable discount rates and the estimation of future growth rates. Future projections are based on the most recent projections considered by the Board which are used to project future pre-tax cash flows for the next five years. After this period a steady state cash flow is used to derive a terminal value for each subsidiary. Net tangible assets is used as a proxy for NRV.

As at 31 December 2019, effective growth rate varied by location but amounted to a weighted rate of 0.76% per annum over a five year projected period, with effective weighted pre tax discount rate of 12%. During the year the carrying value of investments has been impaired by £17,141,000. Further impairment would be required if there are changes to applicable assumptions. A 1% increase in the discount rate would result in a further impairment of £1,145,000 and a reduction of 0.1% per annum in effective growth rates would increase the charge by £167,000.

No deferred tax has been recognised on temporary differences associated with unremitted earnings as these are exempt from UK tax.

During the current year, the Company increased its investment in ICAP Holdings (UK) Limited by £2,000,000.

During the current year, the Company reclassified its investment in ICAP Holdings (UK) Limited by £12,051,000 to Goodwill. This followed to recognise the inherent value of The Link Asset and Securities Company Limited's transferred operational activities.

During the current year, the Company impaired its investment in ICAP Holdings (UK) Limited by £16,067,000. This impairment followed the receipt of a dividend from the subsidiary, which in turn received a dividend from its subsidiary. The payment of dividend from The Link Asset and Securities Company Limited to the Company resulted in a reduction in its recoverable value, thereby causing an impairment of the investment in ICAP Holdings (UK) Limited.

During the current year, the Company further impaired its investment in ICAP Holdings (UK) Limited by £1,074,000 following a revaluation of its investments.

During the prior year, the Company increased its investment in ICAP Holdings (UK) Limited by £9,012,000.

The subsidiaries of ICAP Securities Limited are as follows:

<b>Name</b>	<b>Registered Address</b>	<b>Country of Incorporation</b>	<b>Percentage Directly held</b>
ICAP Holdings (UK) Limited	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England	England & Wales	100%
<b>Name</b>	<b>Registered Address</b>	<b>Country of Incorporation</b>	<b>Percentage Indirectly Held</b>
ICAP WCLK Limited	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England	England & Wales	100%
ICAP Energy Limited	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England	England & Wales	100%
ICAP Global Derivatives Limited	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England	England & Wales	100%
The Link Asset and Securities Company Limited	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England	England & Wales	100%

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 14. Non-current assets - intangibles**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Goodwill	12,051	-

During the financial year ended 31 December 2019, the operational activities of The Link Asset and Securities Company Limited ("LINK") were transferred to the Company. Goodwill of £12,051,000 has been included in the Balance Sheet of the Company to recognise the inherent value of LINK's transferred operational activities.

**Note 15. Current assets - Debtors**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Agency trade debtors	20,894	16,385
Matched principal trade debtors	2,894,736	1,862,578
Expected credit loss	(2,975)	(2,555)
	<u>2,912,655</u>	<u>1,876,408</u>
Other debtors	634	638
Deposits paid for securities borrowed at fair value	48,004	113,218
Prepayments and accrued income	467	224
	<u>49,105</u>	<u>114,080</u>
Loan owed by Immediate parent company	48,859	39,859
Amounts owed by Group related companies	3,179	3,607
Expected credit loss	(266)	(220)
	<u>51,772</u>	<u>43,246</u>
	<u>3,013,532</u>	<u>2,033,734</u>

Included in matched principal trade debtors above is an amount of £2,198,983,000 (2018: £1,147,272,000) in respect of transactions not yet due for settlement as at 31 December 2019. This amount represents the sale of securities where settlement will take place on a delivery versus payment basis. The form of these transactions is that the Company takes temporary control until the transactions are settled. Settlement balances past due date total £695,753,000 (2018: £715,306,000), and are expected to be received in the normal course of business.

The Company acts as an intermediary between 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 from and due to are disclosed in the balance sheet as Deposits paid for securities borrowed at fair value Note 15 and Deposits received for securities loaned at fair value Note 18.

The majority of net trade debtors, which aren't impaired nor past their normal settlement dates are held with high quality credit institutions.

Maximum exposure to credit risk is limited to Debtors (Note 15) and Cash and cash equivalents (Note 17). In a matched principal transaction there is a simultaneous commitment by the counterparties to sell and purchase a financial instrument meaning that there does exist short-term credit exposure, prior to clearing and settlement, and outstanding receivables that the Company manages.

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 15. Current assets - Debtors (continued)**

The following trade debtors were unsettled:

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Less than 30 days	5,174	3,996
Over 30 days but less than 90 days	6,308	4,261
Over 90 days	6,437	5,573
	<u>17,919</u>	<u>13,830</u>

**Note 16. Current assets - Other financial investments**

Financial investments classified as fair value through other comprehensive income (FVOCI) represents £39,826,000 of gilts with a maturity date of January 2021 (2018: £39,197,000 of gilts with a maturity date of July 2019).

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Financial investments measured at FVOCI	39,826	39,197
Expected credit loss	(27)	(29)
	<u>39,799</u>	<u>39,168</u>

Financial investments comprise of gilts, which are valued at quoted market price.

**Note 17. Current assets - Cash and cash equivalents**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Cash at bank and in hand	14,562	9,889
Restricted funds	4,473	2,462
Short term bank deposits	28,837	17,380
Expected credit loss	(113)	(73)
	<u>47,759</u>	<u>29,658</u>

The short-term bank deposits have a maturity of 30 days or less.

At 31 December 2019 client money balances representing amounts owed to customers, held in a segregated bank account amounted to £1,593,967 (2018: £1,575,757).

Restricted funds represent cash for which the Company does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 18. Current liabilities - Creditors**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Matched principal trade creditors	2,894,169	1,850,543
Deposits received for securities loaned at fair value	47,416	113,225
Amounts owed to Group related companies	10,278	16,494
Accruals and deferred income	1,065	736
Other creditors	197	28
	<u>2,953,125</u>	<u>1,981,026</u>

Included in matched principal trade creditors above is an amount of £2,198,650,000 (2018: £1,147,238,000) in respect of transactions not yet due for settlement as at 31 December 2019. Settlement balances past due date total £695,519,000 (2018: £703,305,000), and are expected to be paid in the normal course of business.

**Note 19. Current liabilities - Bank loans and overdrafts**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Bank overdraft	<u>1,566</u>	<u>11,956</u>

The clearing overdraft is for operational use and not for working capital so any costs relating to this are included within clearing costs.

**Note 20. Current liabilities - Provisions**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Other provisions	<u>-</u>	<u>111</u>
	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Carrying amount at the start of the year	111	508
Utilisation of provisions	-	(397)
Write back of provisions	<u>(111)</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>111</u>

In the prior year provisions related to an expected severance payment



**ICAP Securities Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 21. Equity - Issued capital**

	As at 31 Dec 2019 Shares	As at 31 Dec 2018 Shares	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Authorised, issued and fully-paid ordinary shares of £1 each	<u>351,331,108</u>	<u>351,331,106</u>	<u>351,331</u>	<u>351,331</u>

During the year ended 31 December 2019, the Company issued two shares to ICAP Global Broking Holdings Limited for consideration of £15,500,000.

During the year ended 31 December 2018, the Company issued one share to ICAP Global Broking Holdings Limited for consideration of £13,304,000.

**Note 22. Equity - Share premium**

The Share premium account includes the value of the proceeds above nominal on issue of the Company's share capital.

**Note 23. Equity - Dividends**

Dividends paid during the financial year were as follows:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Dividend paid of 0.04p per ordinary share (2018: 0.03p per ordinary share)	<u>14,500</u>	<u>11,000</u>

**Note 24. Guarantees and contingent liabilities**

a) On 18 September 1998, the Company granted a fixed and floating charge in favour of the Bank of New York over all the Company's assets under their control in respect of a Securities Clearing Agreement.

b) On 27 June 2016, the Company granted a fixed and floating charge in favour of NatWest Bank over shares, stocks and other securities held in the Company's name within the Crest Settlement Systems.

c) On 18th September 2017, the Company granted a further fixed and floating charge in favour of NatWest Bank over shares, stocks and other securities held in the Company's name within the Crest Settlement Systems. This arrangement was transferred from a related company, ICAP WCLK Limited.

d) On 19 December 2018, the Attorney General's office of Frankfurt wrote to the Company to notify it that administrative offence proceedings have been initiated against the ICAP Securities Limited. The administrative offence proceedings against ICAP Securities Limited are in connection with a criminal investigation against a former Director of ICAP Securities Limited who is accused of aiding and abetting tax evasion between 2007 and 2008. Pursuant to the letter, ICAP Securities Limited may be subject to a corporate administrative fine and the earnings that ICAP Securities Limited derived from the potential criminal offence may be confiscated. External lawyers have been instructed to represent ICAP Securities Limited and to seek access to the Attorney General's case file. Initial assessments of the potential level of fine and confiscation of earnings for ICAP Securities Limited is between £2 - £2.5 million.

e) On 10 February 2020, the Company granted a floating charge in favour of Citigroup Global Markets Limited (CGML) over all the Company's present and future obligations, moneys, debts and liabilities due or incurred by ICAP Securities to CGML due under an agreement with CGML dated 9 September 2019.

f) On 10 February 2020, the Company granted a floating charge in favour of Citigroup Global Markets Europe AG (CGME) and over all the Company's present and future obligations, moneys, debts and liabilities due or incurred by ICAP Securities to CGME due under an agreement with CGME dated 29 July 2015.

**Note 24. Guarantees and contingent liabilities (continued)**

Save as outlined above in respect of legal matters or disputes for which a provision has not been made, notwithstanding the uncertainties that are inherent in the outcome of such matters, there are no individual matters which are considered to pose a significant risk of material adverse financial impact on the company's results or net assets.

**Note 25. Events after the reporting period**

On 28 February 2020, ICAP Europe Limited transferred its operational activities to the Company for Nil consideration. To provide for the increased capital requirements, the Company issued one share to Tullett Prebon Investment Holdings Limited for consideration of £30,000,000.

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the COVID-19 outbreak is resulting in governments around the world, including the UK, putting restrictions in place regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies to safeguard the wellbeing of its employees, the continuation of its operations and the support of its clients. The full extent of how these conditions will impact the Company are not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

**Note 26. Immediate and ultimate parent company**

The Company's immediate parent is Tullett Prebon Investment Holdings Limited, which does not prepare consolidated financial statements.

The Company's ultimate parent and controlling party is TP ICAP plc, which is incorporated in England and Wales, and heads the largest and smallest group of companies of which the Company is a member. TP ICAP plc prepares consolidated financial statements in accordance with IFRS. Copies of TP ICAP plc financial statements are available from the registered office: Floor 2, 155 Bishopsgate, London, EC2M 3TQ.