

Company Number 00500777

TP ICAP Markets Limited

(Formerly known as ICAP Securities Limited)

Annual Report and Financial Statements - 31 December 2021



STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Annual Report and the audited Financial Statements of TP ICAP Markets Limited, formerly known as ICAP Securities Limited (the "Company") for the year ended 31 December 2021. 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 135 Bishopsgate, London, England, EC2M 3TP.

On 23 April 2021, the company changed its name from ICAP Securities Limited to TP ICAP Markets Limited.

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 Financial Conduct Authority ("FCA"). During the year, the Company's application to be regulated by the National Futures Association ("NFA") was granted and now authorised and regulated by the NFA. It is anticipated that the Company will continue its present business activities for the foreseeable future.

The Company is a wholly owned subsidiary of TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited). The Company's ultimate parent company and controlling party is TP ICAP Group plc (the "Group"). On 30 April 2021, the company changed its name from ICAP Securities Limited to TP ICAP Markets Limited. During the year, ICAP Securities Limited Frankfurt Branch was closed.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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 transfer some of its operational activities to fellow subsidiaries of the Group within the foreseeable future as part of the Group's Brexit strategy as well as allowing the Group to consolidate certain trading and broking activities in EMEA.

The Company is an active inter-dealer broker in wholesale markets across a wide range of asset classes which comprise of credit, equities, rates, futures, emerging markets and commodities.

RESULTS

The results of the Company are set out in the Statement of profit or loss on page 12.

The Company reported a profit after income tax for the year of £31,042,000 (2020 (as restated): £48,857,000), with a year-on-year reduction driven by a 7% decrease in revenue against a strong performance in the prior year. This is reflective of the lower wholesale trading volumes across asset classes, particularly in Rates, as a result of the low interest rate environment during 2021, a flat yield curve and continued quantitative easing from Central Banks. Credit revenue was also lower than 2020, reflecting lower secondary trading volumes, despite strong new issuance growth. The revenue decline in Rates and Credit was partially offset by strong growth in Emerging Markets and Equities. Administrative expenses increased marginally (2%) on prior year mainly driven by increase in settlement costs.

The Company's total assets of £595,345,000, up 8% in 2021 predominantly driven by increase in loan owed by Group related companies. As at 31 December 2021, the net assets of the Company are £451,697,000 as at 31 December 2021 (2020 (as restated): £447,566,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks in the Company's day to day operations can be categorised under Financial Risks, Operational Risks and Strategic Business Risks.

More details on Financial Risks are provided within the notes to the financial statements and include the following:

- **Market Risk:** the vulnerability of the Company to movements in foreign exchange and interest rates;
- **Credit Risk:** 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;
- **Liquidity Risk:** 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;
- **Capital Management Risk:** the risk of failure to maintain adequate levels of prudential 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 inter-dealer broking ("IDB") markets, both on an individual firm basis and through trade associations. The EMEA Board 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 current capital resources;

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.

Strategic Business Risk is the risk that the Company's ability to conduct business might be damaged through its failure to adapt to changing market dynamics, market dislocations and continuously evolving customer requirements. These include:

- Risk to technology expertise whereby the Company's ability to retain its position as a leading market infrastructure provider will be dependent on its ability to develop and implement its technology strategy;
- Risk to climate change when the Company fails to address any adverse impact on its business arising from the transactions to a net zero global economy;
- Following the loss of the European Union ("EU") passporting rights as a result of the United Kingdom ("UK")'s withdrawal from the EU ("Brexit"), the Company continues to implement its Brexit transition plan including relocating existing additional UK-based brokers and hiring local brokers in the EU. Despite evolving post Brexit landscape, the Company has been servicing its EU clients effectively;
- The global economy has shown recent signs of recovery from the ongoing impact of the COVID-19 pandemic, with governments deploying vaccine programmes and fiscal policy support from around the world. The Company has successfully implemented its Business Continuity Planning strategies to operate on a business as usual basis. This includes remote working measures in compliance with local government mandates, safeguarding employee wellbeing and providing continuing services to our clients;
- In February 2022, the UK, EU and United States imposed sanctions against certain Russian individuals, entities and their subsidiaries. As a result, all trading activities with sanctioned clients were ceased. The Company will continue to monitor Russian exposures and execute any relevant mitigating actions as necessary.

Management has the day-to-day responsibility for ensuring the Company operates in accordance with its Enterprise Risk Management Framework, which aligns to TP ICAP Group plc risk management framework. Approved policies and procedures to manage key risks are outlined in the Group's Annual Report.

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 Group's engagement with our key and other stakeholders, as well as how we promote the success of the Group are also contained in the Group Corporate Governance Report in the Group's Annual Report and Accounts. 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 2021, we maintained our focus on engagement with stakeholders as well as increasing our attention on environment, social and governance ("ESG") matters. During the year, the Company reviewed its risk and governance framework with the adoption of a revised Group Governance Manual, including an EMEA specific Governance Framework. This revised framework has reinforced Section 172 oversight by further clarifying divisions of responsibilities within the Group. The structure and format of Company and Committee papers 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, and where applicable, approved and paid dividends as appropriate to its shareholders, having considered the impact of a distribution on the long-term prospects of the business. At Group level, a tailored engagement approach is undertaken with the Group's shareholders. Details of the approach taken with the Group's shareholders are included in the Group Annual 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. A Group Board Non-executive Director Engagement programme with employees has been running for two years. These coupled with engagement and diversity & inclusion surveys, have provided invaluable feedback and helped senior management understand the areas that employees wanted to prioritise and progress. Five Employee networks were established or re-launched during 2021 across the Group, with various events held, to help employees better connect and increase understanding across the firm. Further engagement activities are planned for 2022. 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. Following the acquisition of Liquidnet, the Group conducted a Culture and Values survey with a small random group of employees to gain a deeper understanding of how the Company's culture and values are supported by everyday behaviours of our employees. The employee feedback from the survey, together with a number of workshops with the Group's senior management team, will help shape further the Company's values to ensure a unified culture. Further details of the Group-wide programme, other Group-wide employee engagement and the Group's culture and values are set out on in the Group Annual Report.
- **Clients**
The Group manages our client relationships at multiple levels of seniority across the global organisational structure. This includes management level strategic relationship discussions as well as regular transactional dialogue. Strategic meetings and all client interactions driven by our Client Relationship Management team in Global Broking are tracked centrally. Further details of engagement with clients are provided in the Group Annual Report.
- **Regulators**
The Directors recognise the importance of engaging with regulatory bodies to better understand and respond to their views. During the year, the Directors engaged with the Financial Conduct Authority ("FCA") and the Autorité des marchés financiers ("AMF"), the French financial markets regulator, to discuss post Brexit plans and Investment Firms Prudential Regime ("IFPR"). 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 Annual Report.
- **Suppliers**
The Directors recognise the importance of engagement with our key infrastructure suppliers to monitor performance, manage risk and receive updates on Payment Practices Reporting biannually. In 2022, 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.

TP ICAP Markets Limited
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Strategic report
31 December 2021

Environment and community

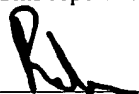
The Directors are aware of society's increasing focus on ESG and are committed to operating responsibly and sustainably for the benefit of all stakeholders (including our clients, colleagues, suppliers, and communities) whilst delivering value for our shareholders. Throughout 2021 the Group Board monitored the development and launch of a new Sustainability Strategy, by which the Group aims to be known as the "Broker for the Transition" – the transition to a sustainable future with a more socially inclusive and low-carbon economy. As the Broker for the Transition, we aim to avoid harm, benefit stakeholders and contribute to solutions. Further details can be found in the Streamlined Energy and Carbon Reporting in the Director's report.

KEY PERFORMANCE INDICATORS

The Company's return on assets, calculated as net profit divided by net assets, is 6.9% (2020 (restated):10.9%). This is in line with management expectations.

The Directors of TP ICAP Group 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 Annual Report of TP ICAP Group plc, 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:



P Redman
Director

31 March 2022

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Directors' report
31 December 2021

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and Financial Statements of the Company which comprise of the Statement of profit or loss, Statement of other comprehensive income, Balance sheet, Statement of changes in equity and related notes 1-29.

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, page 2 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.

DIVIDENDS

During the year, the Directors declared and paid dividends on the ordinary shares of £27,500,000 (2020: £32,500,000).

On 16 February 2022, the Company paid a cash dividend of £25,000,000 to TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited).

DIRECTORS

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

A Bashenko (Appointed 01 January 2022)
D McClumpha
P Randall
P Redman (Appointed 01 December 2021)
S Sparke
N Breteau (Resigned 15 November 2021)
C Bridel (Resigned 05 May 2021)
A Kelly (Resigned 01 December 2021)
R Stewart (Resigned 15 November 2021)

DIRECTOR'S INDEMNITIES

The Company's ultimate parent, TP ICAP Group 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.

OUR PURPOSE AND CORPORATE GOVERNANCE

The Company's purpose is aligned with that of our ultimate parent company, which states that "we provide access to global financial and commodities markets, improving price discovery, flow of liquidity and distribution of data, working with and supporting the communities in which we operate and facilitating economic growth".

Like other companies in the TP ICAP Group plc, the Company adopted a governance framework in November 2019 which is set out within the Group's Governance Manual. The Company is a UK regulated entity and, as such, is also subject to the TP ICAP UK Regulated Entity Governance Framework. Together these documents set out the specific corporate governance requirements for the Company, including:

- the composition of the Board and the individual accountability of senior management;
- clarification on ultimate decision making and delegations;
- the embedding of s172 and stakeholder considerations in decision making;
- the responsibility of the Board in setting the right culture;
- how matters are to be escalated and the interactions with other Group committees;
- the division of responsibilities and director roles;
- the conduct of meetings;
- the requirement for Board Risk and Remuneration committees, their membership and their terms of reference;
- the role of TP ICAP Group plc Audit and Nominations & Governance Committees as they relate to the Company;
- the management of conflicts of interest;
- the implications of the Senior Managers and Certification Regime on the Company; and
- expectations on the structure and format of papers and management information made available to the Board in order to drive better decision making.

POLITICAL CONTRIBUTIONS

There were no political contributions made by the Company during the financial year (2020: £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

In February 2022, the UK, EU and the United States imposed sanctions against certain Russian individuals, entities and subsidiaries. As a result, any trading activities with sanctioned clients have been ceased. The Company continues to monitor exposures with Russian counterparties and underlyings, as well as review actions available to mitigate any potential losses incurred. As at 31 March 2022, the value of realised losses on failed settlements is £4m. the Company has also recognised potential unrealised losses of £8m in relation to failed settlements. In addition, the Company has outstanding unsettled matched principal transactions in Russian financial instruments of a nominal value of around £12m where neither counterparty has been able to settle at this time and where no net loss has been recognised.

On 16 February 2022, the Company paid a cash dividend of £25,000,000 to TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited).

There have been no other post balance sheet events from 31 December 2021 up to the date of signing which require separate disclosure.

STREAMLINED ENERGY AND CARBON REPORTING

On 1 April 2019, the Streamlined Energy and Carbon Reporting was implemented through the enforcement of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulation 2018. The below table and supporting narrative summarise the disclosure in line with the requirement for a large unquoted company.

Our carbon emissions and energy consumption

Reporting year	Current reporting year: 1 January 2021 - 31 December 2021	Previous reporting year: 1 January 2020 - 31 December 2020¹
Location	UK	UK
Emissions from activities for which the company own or control including combustion of fuel and operation of facilities (Scope 1) (tCO ₂ e)	22	Unknown
Emission from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2) (location based) (tCO ₂ e)	30	Unknown
Emission from business travel in rental cars or employee - owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO ₂ e)	0	Unknown
Total gross Scope 1, Scope 2 and Scope 3 emissions (location - based) (tCO₂e)	52	Unknown
Total gross energy consumption based on the above (kWh)	262,630	Unknown
Intensity ratio: tCO₂e (gross Scope 1, 2 + 3) per FTE	0.15	Unknown

¹ The 2020 emissions have not been provided as 2021 is the first year the entity is required to comply with the disclosure.

Methodology

Independent experts at Anthesis have calculated the above greenhouse gas emissions estimates to cover all material sources of emissions for which the Company is responsible. The methodology used was that of the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015)'. Responsibility for emissions sources was determined using the operational control approach. All emission sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

A fellow subsidiary company of the Group, TP ICAP Group Services Limited's UK energy and emissions have been apportioned between qualifying subsidiaries based on employee numbers (FTE). Energy consumption was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2021.

Energy Efficiency Action

During 2021, TP ICAP Group has rationalised their office space which has reduced the energy consumption of their office portfolio.

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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.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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.

This report is authorised for issue by the Board of Directors.

Approved by the Board and signed on its behalf by:



P Redman
Director

31 March 2022

Company number: 00500777

TP ICAP Markets Limited

(Formerly known as ICAP Securities Limited)

Independent auditor's report to the members of TP ICAP Markets Limited (Formerly known as ICAP Securities Limited)
31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TP ICAP Markets Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then 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 which comprise:

- the statement of profit or loss;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 29

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 (the 'FRC'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

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

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

- Challenging the underlying data and key assumptions used to make the assessment, including capital and liquidity forecasts;
- Performing stress tests in relation to key assumptions;
- Evaluating the director's plans for future actions, including evaluating the feasibility of the mitigating actions that they control in relation to their going concern assessment; and
- Considering the forecasts in the context of revenue identified at risk as a result of global events.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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Independent auditor's report to the members of TP ICAP Markets Limited (Formerly known as ICAP Securities Limited)
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Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Financial Conduct Authority and National Futures Association regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- We identified a risk of fraud in relation to the recognition of Name Passing Revenue transferred between legal entities within the group. For the underlying revenue, we agreed a sample of Name Passing transactions to cash received or, where amounts remained unpaid, to other evidence to corroborate the validity of the revenue booked; and we reviewed communications with counterparties. For Name Passing Revenue subsequently transferred between legal entities, we understood the nature of the transfer to verify

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Independent auditor's report to the members of TP ICAP Markets Limited (Formerly known as ICAP Securities Limited)

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enforceable rights and obligations and completeness of revenue transferred; and we agreed the trade values to populations tested to ensure completeness and accuracy of the transfer.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Financial Conduct Authority.

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.



Giles Lang FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31 March 2022

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Statement of profit or loss
For the year ended 31 December 2021

		Year ended 31	Year ended 31
	Note	Dec 2021	Dec 2020
		£'000	Restated
			£'000
Revenue	4	210,486	225,135
Other operating (expenses) / income	8	(2,693)	637
Expenses			
Administrative expenses	5	(171,579)	(167,988)
Operating profit		36,214	57,784
Interest receivable and similar income	9	1,958	2,353
Interest payable and similar expenses	10	(16)	(160)
Profit before income tax		38,156	59,977
Income tax	11	(7,114)	(11,120)
Profit after income tax for the year		<u>31,042</u>	<u>48,857</u>

Refer to note 26 for detailed information on restatement of comparatives.

The profit after income tax for the current and prior year is derived from continuing operations.

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

TP ICAP Markets Limited
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Statement of other comprehensive income
For the year ended 31 December 2021

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 Restated £'000
Profit after income tax for the year	31,042	48,857
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to the Statement of profit or loss		
Translation of overseas branches	<u>(71)</u>	<u>57</u>
Other comprehensive (loss) / income for the year, net of tax	<u>(71)</u>	<u>57</u>
Total comprehensive income for the year	<u><u>30,971</u></u>	<u><u>48,914</u></u>

Refer to note 26 for detailed information on restatement of comparatives.

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

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Balance sheet
As at 31 December 2021

	Note	As at 31 Dec 2021 £'000	As at 31 Dec 2020 Restated £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	243,794	243,794
Intangible asset	13	12,045	12,051
Deferred tax asset	11	262	248
Total non-current assets		<u>256,101</u>	<u>256,093</u>
Current assets			
Debtors	14	183,735	157,333
Financial assets at fair value through profit or loss	15	36,988	25,695
Other financial investments	16	39,447	39,368
Cash and cash equivalents	17	79,074	72,703
Total current assets		<u>339,244</u>	<u>295,099</u>
Total assets		<u>595,345</u>	<u>551,192</u>
Liabilities			
Non-current liabilities			
Creditors	18	133	200
Total non-current liabilities		<u>133</u>	<u>200</u>
Current liabilities			
Creditors	19	91,180	68,176
Financial liabilities at fair value through profit or loss	20	32,206	25,534
Bank overdraft	21	16,689	7,016
Tax payable	11	3,440	2,700
Total current liabilities		<u>143,515</u>	<u>103,426</u>
Total liabilities		<u>143,648</u>	<u>103,626</u>
Net assets		<u>451,697</u>	<u>447,566</u>
Equity			
Issued capital	23	351,331	351,331
Share premium	24	58,804	58,804
Retained profits		<u>41,562</u>	<u>37,431</u>
Total equity		<u>451,697</u>	<u>447,566</u>

Refer to note 26 for detailed information on restatement of comparatives.

The financial statements on page 12 to 37 were approved and authorised for issue by the Board of Directors on 31 March 2022 and were signed on its behalf by:



P Redman
Director

31 March 2022

Company number: 00500777

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

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Statement of changes in equity
For the year ended 31 December 2021

	Issued capital £'000	Share premium £'000	Retained Profits Restated £'000	Total equity £'000
Balance at 1 January 2020	351,331	28,804	21,017	401,152
Profit after income tax for the year	-	-	48,857	48,857
Other comprehensive income for the year, net of tax	-	-	57	57
Total comprehensive income for the year	-	-	48,914	48,914
Share issued during the year	-	30,000	-	30,000
Dividends paid (note 25)	-	-	(32,500)	(32,500)
Balance at 31 December 2020	<u>351,331</u>	<u>58,804</u>	<u>37,431</u>	<u>447,566</u>

Refer to note 26 for detailed information on restatement of comparatives.

	Issued capital £'000	Share premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2021	351,331	58,804	37,431	447,566
Profit after income tax for the year	-	-	31,042	31,042
Other comprehensive loss for the year, net of tax	-	-	(71)	(71)
Total comprehensive income for the year	-	-	30,971	30,971
Share-based payments	-	-	660	660
Dividends paid (note 25)	-	-	(27,500)	(27,500)
Balance at 31 December 2021	<u>351,331</u>	<u>58,804</u>	<u>41,562</u>	<u>451,697</u>

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

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Notes to the financial statements
31 December 2021

Note 1. General information and principle accounting policies

General information

The Company is a private company limited by shares, incorporated in England and Wales. The registered office is 135 Bishopsgate, London, England. EC2M 3TP.

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 ongoing Covid-19 pandemic as well as the Russia Ukraine conflict as set out in the Strategic Report, and having considered the Company's forecasts including 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 Group 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's ultimate parent and controlling party is TP ICAP Group plc (incorporated in Jersey).

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.

Change in accounting policy

On 31 December 2021, the Company changed its accounting policy for regular way purchases and sales of non-derivative financial instruments from trade date to settlement date accounting. In prior years, the company recorded regular way purchases and sales of non-derivative financial instruments on a trade date basis.

The Company believes that the accounting policy change results in a more relevant and reliable presentation of its Financial Position. In particular, the change:

- Removes a significant amount of volatility from the balance sheet, facilitating uniform trend analysis and permitting a simpler assessment of relevant Balance Sheet key performance indicators, such as the Return on Total Assets;
- Provides a more accurate presentation of the settlements risk for unsettled receivables and payable balances, with consideration given to market practice of "delivery versus payment settlement basis"; and
- Provides consistency with managements internal view of reporting these pending settlement balances.

This accounting policy change has no material impact on the profitability of the Company and does not result in the restatement of the Company's Profit or loss reported in the Statement of Profit or Loss. Unrealised gains and losses related to the change in fair value of these non-derivative financial instruments between trade date and settlement date are recognised within revenues at the applicable reporting date.

As the change in accounting policy is applied retrospectively and has a material effect on the information reported in the balance sheet at the beginning of the preceding period, the Company has presented a restated balance sheet as at 31 December 2020. Additional comparative information is not included in the affected Notes as the quantitative impacts of the change in accounting policy, and impact on prior year comparatives are set out in note 26.

Note 1. General information and principle accounting policies (continued)

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. Matched Principal brokerage, where net income is recognised on the differential between consideration received from the sale of the security and that paid on its purchase. Revenue is recognised on settlement date.

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.

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 14, Current assets - Debtors.

Pension costs

Certain employees of the Company participate in a Group defined contribution pension scheme operated by TP ICAP Group 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.

Note 1. General information and principle accounting policies (continued)

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.

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 comprises of both financial and non-financial assets. Financial assets include trade debtors, deposits paid for securities borrowed, loans and amounts owed by Group related companies are recognised at amortised cost less expected credit loss provision. All provisions are recorded within Administrative expenses in the Statement of profit or loss.

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.

Note 1. General information and principle accounting policies (continued)

Impairment of financial assets

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

The financial assets at amortised cost consist of Trade and other debtors, Cash and cash equivalents and other Intercompany debtors. ECL of Trade and other debtors and Cash and cash equivalents is calculated using simplified method (lifetime ECL) while Intercompany debtors adopt the general approach (12 month ECL).

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.

The Company measures loss allowances at an amount equal to lifetime ECLs. The only exception is Cash and cash equivalents and Intercompany positions for which credit risk has not increased significantly since initial recognition, which is measured as 12-month ECLs. 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.

Creditors

Creditors are measured at amortised cost and comprise of deposits received for securities loaned, loans and amounts owed to Group related companies and others relating to goods and services provided to the Company prior to the end of the financial year and where the invoice is unpaid.

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.

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.

Note 1. General information and principle accounting policies (continued)

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.

Matched Principal transactions

The Company engages in Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions are primarily on a delivery vs payment basis ('DVP') and typically take place within a few business days of the trade date according to the relevant market rules and conventions.

Matched Principal transactions in regular way financial assets are recognised on settlement date, classified as at FVTPL, and are derecognised on settlement of the related sale. Fair value movements on unsettled Matched Principal regular way transactions between trade date and settlement are recognised in profit or loss with the associated asset or liability recorded in financial assets or liabilities held at fair value through profit or loss.

The Company undertakes Matched Principal broking involving simultaneous back-to-back derivative transactions with counterparties. These transactions are classified as financial instruments at FVTPL and are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

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.

Stock borrowing loan

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.

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.

Bank overdraft

Bank 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.

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.

Note 1. General information and principle accounting policies (continued)

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.

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.

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 financial risk management framework, strategy and policies of the Company are proposed through EMEA Risk, Conduct and Governance Committee and is overseen by the EMEA Board.

Financial assets

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Debtors less prepayments (Note 14)*	183,327	157,168
Financial assets FVTPL (Note 15)	36,988	25,695
Other financial investments (Note 16)	39,447	39,368
Cash and cash equivalents (Note 17)	79,074	72,703
Total financial assets	<u>338,836</u>	<u>294,934</u>

*2020 was restated by £(1,964,025,000), refer to note 26 for detailed information on restatement of comparatives.

Market risk

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

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Notes to the financial statements
31 December 2021

Note 3. Financial risk management (continued)

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 2021, would negatively impact the Company's Statement of profit or loss and Retained profits by £1,149,000 and £2,023,000 (2020 (restated): £692,000 and £1,822,000) respectively. Any movements in the remainder currencies against sterling is not expected to have a significant impact on the financial statements (2020: £Nil).

The table below summarises the Company's exposure to foreign and domestic currencies as at 31 December 2021:

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Debtors less prepayments	6,090	75,177	1,494	100,566	183,327
Financial assets FVTPL	7,718	16,349	6,864	6,057	36,988
Other financial investments	-	-	-	39,447	39,447
Cash and cash equivalents	11,959	11,297	10,253	45,565	79,074
Total financial assets	25,767	102,823	18,611	191,635	338,836
Liabilities					
Creditors	(78)	(59,288)	(316)	(31,631)	(91,313)
Financial liabilities FVTPL	(7,285)	(16,460)	(6,896)	(1,565)	(32,206)
Bank overdraft	(1,692)	(954)	(9,050)	(4,993)	(16,689)
Total financial liabilities	(9,055)	(76,702)	(16,262)	(38,189)	(140,208)
Net financial assets	14,732	26,121	4,329	153,446	198,628

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Notes to the financial statements
31 December 2021

Note 3. Financial risk management (continued)

The table below summarises the Company's exposure to foreign and domestic currencies as at 31 December 2020:

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Debtors less prepayments	5,446	61,152	1,502	89,068	157,168
Financial assets FVTPL*	5,984	15,906	2,718	1,087	25,695
Other financial investments	-	-	-	39,368	39,368
Cash and cash equivalents	4,779	8,943	1,932	57,049	72,703
Total financial assets	16,209	86,001	6,152	186,572	294,934
Liabilities					
Creditors	(61)	(45,408)	(436)	(22,471)	(68,376)
Financial creditors FVTPL*	(5,990)	(16,013)	(2,442)	(1,089)	(25,534)
Bank overdraft	-	(2,407)	(1,549)	(3,060)	(7,016)
Total financial liabilities	(6,051)	(63,828)	(4,427)	(26,620)	(100,926)
Net financial assets	10,158	22,173	1,725	159,952	194,008

* The Company's exposure to foreign and domestic currencies as at 31 December 2020 on financial assets FVTPL were restated by £166,065,000, £983,662,000, £531,492,000 and £237,110,000 in USD, EUR, Other and GBP respectively. Similarly, financial liabilities FVTPL were restated by £(167,115,000), £(982,000,000), £(532,035,000) and £(257,181,000) in USD, EUR, Other and GBP respectively. Refer to note 26 for detailed information on restatement of comparatives.

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 £1,246,000 (2020: £1,026,000).

TP ICAP Markets Limited
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Notes to the financial statements
31 December 2021

Note 3. Financial risk management (continued)

The Company's interest rate profile as at 31 December 2021 was as follows:

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Debtors less prepayments	135,843	-	47,484	183,327
Financial assets FVTPL	36,988	-	-	36,988
Other financial investments	-	39,447	-	39,447
Cash and cash equivalents	-	-	79,074	79,074
Total financial assets	172,831	39,447	126,558	338,836
Liabilities				
Creditors	(91,180)	(133)	-	(91,313)
Financial liabilities FVTPL	(32,206)	-	-	(32,206)
Bank loans and overdraft	-	-	(16,689)	(16,689)
Total financial liabilities	(123,386)	(133)	(16,689)	(140,208)

The Company's interest rate profile as at 31 December 2020 was as follows:

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Debtors less prepayments*	107,548	-	49,620	157,168
Financial assets FVTPL*	25,695	-	-	25,695
Other financial investments	-	39,368	-	39,368
Cash and cash equivalents	-	-	72,703	72,703
Total financial assets	133,243	39,368	122,323	294,934
Liabilities				
Creditors*	(68,176)	(200)	-	(68,376)
Financial liabilities FVTPL*	(25,534)	-	-	(25,534)
Bank loans and overdraft	-	-	(7,016)	(7,016)
Total financial liabilities	(93,710)	(200)	(7,016)	(100,926)

*The Company's interest rate profile as at 31 December 2020 on Debtors less prepayments and financial assets FVTPL were restated by £1,938,330,000 and £25,695,000 respectively. Similarly, Creditors and financial liabilities FVTPL were restated by £(1,938,330,000) and £(25,534,000) respectively. The balances were not subject to interest rate sensitivity. Refer to note 26 for detailed information on restatement of comparatives.

TP ICAP Markets Limited
(Formerly known as ICAP Securities Limited)
Notes to the financial statements
31 December 2021

Note 3. Financial risk management (continued)

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 2021 there were no financial assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2020: £Nil).

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 14) 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:

	On demand £'000	Less than 3 months £'000	3 months to 1 year £'000	More than 1 year £'000	Total £'000
31 December 2021					
Creditors	(29,384)	(59,563)	(2,233)	(133)	(91,313)
Financial liabilities FVFTL	(32,206)	-	-	-	(32,206)
Bank loans and overdrafts	(16,689)	-	-	-	(16,689)
Total financial liabilities	(78,279)	(59,563)	(2,233)	(133)	(140,208)

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Note 3. Financial risk management (continued)

31 December 2020

Creditors*	(21,221)	(45,072)	(1,883)	(200)	(68,376)
Financial liabilities FVFTL*	(25,534)	-	-	-	(25,534)
Bank overdraft	(7,016)	-	-	-	(7,016)
Total financial liabilities	<u>(53,771)</u>	<u>(45,072)</u>	<u>(1,883)</u>	<u>(200)</u>	<u>(100,926)</u>

*The Company's Liquidity risk profile as at 31 December 2020 on Creditors and financial liabilities FVTPL were restated by £(1,938,330,000) and £(25,534,000) respectively and the balances were on demand. Refer to note 26 for detailed information on restatement of comparatives.

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.

Note 4. Revenue

Revenue by type:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Brokerage fee income*	209,892	224,513
Other income	594	622
Revenue	<u>210,486</u>	<u>225,135</u>

Revenue by geographical market:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
EMEA*	<u>210,486</u>	<u>225,135</u>

* 2020 brokerage fee income was restated by £(11,632,000). Refer to note 26 for detailed information on restatement of comparatives.

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Note 5. Administrative expenses

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Employment costs (Note 6)	122,150	114,219
Other staff costs	1,754	1,040
Travel and entertainment	1,517	1,233
Market data and telecommunications	12,735	11,855
Settlement costs	7,285	5,137
Professional fees	1,194	747
Service fees*	23,163	34,447
Amortisation of intangible assets	81	-
Movement in expected credit loss provision	46	(2,399)
Charitable donations	1,297	1,254
Loss on other fixed asset investments	241	426
Loss on disposal of fixed assets	12	-
Other administrative costs	104	29
	171,579	167,988

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 ultimate parent and controlling party as at year end, TP ICAP Group plc, included these fees on a consolidated basis.

Fees payable for the audit of the financial statements were £237,500 (2020: £210,807)

* 2020 service fees was restated by £9,577,000. Refer to note 26 for detailed information on restatement of comparatives.

Note 6. Employment costs

Staff expenses borne by the Company comprise:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Wages, salaries, bonuses and incentive payments	106,664	99,817
Social security	14,478	13,793
Other pension	1,008	609
Total employment costs	122,150	114,219

For the year ended 31 December 2021, the average number of employees identified as being directly involved in the operation of the Company was 325, comprising of 320 brokers and 5 support staff (2020: 289, comprising 287 brokers and 2 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.

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Note 7. Directors remuneration

Directors remuneration in respect of their services to the Company comprise the following:

	Year ended 31 Dec 2021	Year ended 31 Dec 2021 Highest Paid Director	Year ended 31 Dec 2020	Year ended 31 Dec 2020 Highest Paid Director
	Total £'000	£'000	Total £'000	£'000
Aggregate emoluments	320	161	617	259
Defined contribution pension schemes	2	2	4	2
	<u>322</u>	<u>163</u>	<u>621</u>	<u>261</u>

As at 31 December 2021, retirement benefits are accruing to 1 Director (2020: 3) under defined contribution schemes sponsored by the Group. The Company's Directors who served during the year were also Directors of TP ICAP Group plc, the ultimate parent company and controlling party. Their total remuneration for the year is disclosed in the financial statements of TP ICAP Group 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 2021 £'000	Year ended 31 Dec 2020 £'000
Group related company	1,849	1,621
Bank deposit	106	732
Tax overpayment	3	-
	<u>1,958</u>	<u>2,353</u>

Note 10. Interest payable and similar expenses

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Settlement balances and bank overdrafts	15	160
Other loans	1	-
	<u>16</u>	<u>160</u>

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Note 11. Income tax

Analysis of charge for the year:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Current tax		
UK Corporation tax - current year	7,514	11,904
Deferred tax - current year	-	34
Adjustment recognised for prior years - current tax	(440)	(639)
Adjustment recognised for prior years - deferred tax	(14)	(249)
Overseas tax	54	70
	<u>7,114</u>	<u>11,120</u>
Aggregate income tax		
Deferred tax included in income tax comprises:		
Decrease in deferred tax assets	-	34
	<u>-</u>	<u>34</u>
Numerical reconciliation of income tax at the statutory rate		
Profit before income tax	38,156	59,977
	<u>38,156</u>	<u>59,977</u>
Tax at the statutory tax rate of 19%	7,250	11,396
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	314	154
	<u>314</u>	<u>154</u>
Adjustment recognised for prior years - current tax	7,564	11,550
Adjustment recognised for prior years - deferred tax	(440)	(639)
Deferred tax at different rates	(14)	(249)
Overseas tax	(50)	(3)
	<u>54</u>	<u>71</u>
Income tax	<u>7,114</u>	<u>10,730</u>
Effective tax rate	18.7%	17.9%

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 was previously enacted. The government subsequently announced that the reduction to 17% would not go ahead, which was enacted accordingly. As at 31 December 2020, UK deferred tax was therefore expected to unwind at a rate of 19%. On 3 March 2021, the UK Government announced a proposed increase in the rate of corporation tax from 19% to 25%, effective from 1 April 2023. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2023 and at a rate of 25% thereafter.

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.

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Note 11. Income tax (continued)

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Deferred tax		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Capital allowances	34	20
Other timing differences	228	228
Deferred tax asset	<u>262</u>	<u>248</u>
Movements:		
Opening balance	248	33
Charged to profit or loss	-	(34)
Prior year adjustment	14	249
Closing balance	<u>262</u>	<u>248</u>
	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Tax payable	<u>3,440</u>	<u>2,700</u>

Note 12. Non-current assets - Investment in subsidiaries

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Investment in subsidiaries	<u>243,794</u>	<u>243,794</u>

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.

Name	Registered Address	Country of Incorporation	Percentage Directly held
ICAP Holdings (UK) Limited	135 Bishopgate, London, EC2M 3TP, England	England & Wales	100% ordinary shares

Note 13. Non-current assets - Intangible asset

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Goodwill	<u>12,045</u>	<u>12,051</u>

During the current and prior year, an impairment test was performed to assess the value of goodwill as at 31 December 2021. No impairment was required.

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Note 14. Current assets - Debtors

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Agency trade debtors	48,633	53,264
Expected credit loss	(204)	(397)
	<u>48,429</u>	<u>52,867</u>
Other debtors	777	1,799
Deposits paid for securities borrowed at fair value	59,176	44,872
Prepayments and accrued income	408	165
	<u>60,361</u>	<u>46,836</u>
Loan owed by Group related companies	43,913	49,859
Amounts owed by Group related companies	31,415	8,048
Expected credit loss	(383)	(277)
	<u>74,945</u>	<u>57,630</u>
	<u>183,735</u>	<u>157,333</u>

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 14 and Deposits received for securities loaned at fair value (note 19).

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 14) 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.

The following trade debtors were unsettled:

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Less than 30 days	29,139	29,146
Over 30 days but less than 90 days	9,179	12,250
Over 90 days	10,111	11,471
	<u>48,429</u>	<u>52,867</u>

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Note 15. Current assets - financial assets at fair value through profit or loss

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Matched principal financial assets	4,376	-
Fair value gains on unsettled matched principal transactions*	32,612	25,695
	<u>36,988</u>	<u>25,695</u>

*2020 was restated by £25,695,000, refer to note 26 for detailed information on restatement of comparatives.

Note 16. Current assets - Other financial investments

Financial investments classified as fair value through other comprehensive income (FVOCI) represents £39,471,000 of gilts with a maturity date of July 2022 (2020: £39,400,000 of gilts with a maturity date of January 2021). Financial investments comprise of gilts which are valued at quoted market price.

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Financial investments measured at FVOCI	39,471	39,400
Expected credit loss	(24)	(32)
	<u>39,447</u>	<u>39,368</u>

Note 17. Current assets - Cash and cash equivalents

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Cash at bank and in hand	47,928	15,983
Restricted funds	4,516	8,445
Short term bank deposits	26,728	48,383
Expected credit loss	(98)	(108)
	<u>79,074</u>	<u>72,703</u>

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

As at 31 December 2021, client money balances representing amounts owed to customers, held in a segregated bank account amounted to £1,745,394 (2019: £1,643,619).

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.

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Note 18. Non-current liabilities - Creditors

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Other creditors	133	200

Note 19. Current liabilities - Creditors

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Deposits received for securities loaned at fair value	59,176	44,872
Amounts owed to Group related companies	29,296	21,221
Amount owed to Joint venture	88	-
Accruals and deferred income	2,233	1,883
Other creditors	387	200
	<u>91,180</u>	<u>68,176</u>

Note 20. Current liabilities - Financial liabilities at fair value through profit or loss

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Fair value losses on unsettled matched principal transactions*	32,206	25,534

*2020 was restated by £25,534,000, refer to note 26 for detailed information on restatement of comparatives.

Note 21. Current liabilities - Bank overdraft

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Bank overdraft	16,689	7,016

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

Note 22. Current liabilities - Provisions

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Carrying amount at the start of the year	-	-
Write back of provisions	-	-
Carrying amount at the end of the year	<u>-</u>	<u>-</u>

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Note 23. Equity - Issued capital

	As at 31 Dec 2021 Shares	As at 31 Dec 2020 Shares	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Authorised, issued and fully-paid ordinary shares of £1 each	<u>351,331,109</u>	<u>351,331,109</u>	<u>351,331</u>	<u>351,331</u>

No shares were issued in the current year.

During the prior year, the Company issued one share to TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited) for consideration of £30,000,000.

Note 24. Equity - Share premium

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

During the prior year, the Company issued one share to TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited) for consideration of £30,000,000.

Note 25. Equity - Dividends

Dividends paid during the financial year were as follows:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Dividend paid of £0.08 per ordinary share (2020: £0.09 per ordinary share)	<u>27,500</u>	<u>32,500</u>

Note 26. Restatement of comparatives

(a) As set out in Note 1, the Company changed its accounting policy for regular way Matched Principal transactions from trade date accounting to settlement date. As a result, settlement balances that were previously recognised on trade date have been removed and an asset / (liability) has been recognised representing the fair value gain / (loss) on unsettled matched principle transactions. Impacted lines in the Company's Balance sheets for 31 December 2020 have been restated as follows:

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Note 26. Restatement of comparatives (continued)

	31 Dec 2020 (as reported) £'000	31 Dec 2020 (as restated) £'000
Debtors		
Matched Principal financial assets	1,964,025	-
	-	-
Financial assets at FVTPL	-	-
Fair value gains on unsettled matched principal transaction	-	25,695
	-	-
Total assets	<u>1,964,025</u>	<u>25,695</u>
Creditors		
Matched Principal financial liabilities	(1,963,864)	-
	-	-
Financial liabilities at FVTPL	-	-
Fair value losses on unsettled matched principal transaction	-	(25,534)
	-	-
Total liabilities	<u>(1,963,864)</u>	<u>(25,534)</u>
Total equity	<u>161</u>	<u>161</u>

(b) Following a review of the Company's revenue sharing arrangement with an affiliate Group subsidiary, it was identified that the 2020 profit after income tax should have been £48,857,000 instead of £50,913,000 as a result of under-recharge of revenue and associated expenses to the affiliate entity. The restatement of £(2,056,000) comprises an adjustment of £(11,633,000) reduced brokerage fee income offset by lower service fees of £9,577,000. The corresponding amount owed to Group related companies was restated by £2,056,000. Management have restated the financial statements as this is consistent with the treatment by the affiliated Group subsidiary.

	Year ended 31 Dec 2020 £'000 (as reported)	Year ended 31 Dec 2020 £'000 (as restated)
Revenue	236,768	225,135
Expenses		
Administrative expenses	(177,565)	(167,988)
Operating profit	59,840	57,784
Profit before income tax	62,033	59,977
Profit after income tax for the year	50,913	48,857
Creditors		
Amount owed to Group related companies	(19,165)	(21,221)
Total liabilities	<u>(19,165)</u>	<u>(21,221)</u>
Total equity	<u>(39,487)</u>	<u>(21,221)</u>

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Note 27. Guarantees and contingent liabilities

a) On 18 September 1998, TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) 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, TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) 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, TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) 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, ICAP Securities Limited, Frankfurt branch ('ISL') was notified by the Attorney General's office in Frankfurt notifying ISL that it had commenced administrative proceedings against ISL and criminal proceedings against former employees and a former director of ISL, in respect of aiding and abetting tax evasion by Rafael Roth Financial Enterprises GmbH ('RRFE'). It is possible that a corporate administrative fine may be imposed on ISL and earnings derived from the criminal offence confiscated. ISL has appointed external counsel and is in the process of investigating the activities of the relevant desk from 2006-2009. This investigation is complicated as the majority of relevant records are held by NEX and NEX failed to disclose its engagement with the relevant authorities prior to the sale of ICAP to Tullett Prebon in 2016. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

e) On 10 February 2020, TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) 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 TP ICAP Markets (Formerly known as ICAP Securities Limited) to CGML due under an agreement with CGML dated 9 September 2019.

f) On 10 February 2020, TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) 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 TP ICAP Markets Limited (Formerly known as ICAP Securities Limited) to CGME due under an agreement with CGME dated 29 July 2015.

g) On 11 May 2020, TP ICAP Group plc learned that proceedings have been commenced by the Cologne Public prosecutor against TP ICAP Markets ('TPIMS') (Formerly known as ICAP Securities Limited) and The Link Asset and Securities Company Ltd ('Link') in connection with criminal investigations into individuals suspected of aiding and abetting tax evasion between 2004 and 2012. It is possible that the Cologne Public Prosecutor may seek to impose an administrative fine against TPIMS or Link or and confiscate the earnings that TPIMS or Link allegedly derived from the underlying alleged criminal conduct by the relevant individuals. TPIMS and Link have appointed external lawyers to advise them. The Group has issued proceedings against NEX in respect of (i) breach of warranties under the sale and purchase agreement, and (ii) an indemnity claim under the tax deed entered into in connection with the IGBB acquisition in relation to these matters. Since the proceedings are at an early stage, details of the alleged wrongdoing or case against ISL and Link are not yet available, and it is not possible at present to provide a reliable estimate of any potential financial impact on the Group.

h) TP ICAP Group plc is a defendant in an action filed by Portigon AG in July 2021 in the Supreme Court of the State of New York County of Nassau alleging losses relating to certain so called "cum ex" transactions allegedly arranged by the Group between 2005 and 2007. The Group intends to contest liability in the matter and to vigorously defend itself. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

i) TP ICAP Markets Limited ('TPIM') and The Link Asset and Securities Company Limited ('Link') are defendants in a claim filed in Hamburg by Warburg on 31 December 2020, but which only reached TPIM and Link on 26th October 2021. The claim relates to certain German "cum-ex" transactions that took place between 2007 and 2011. In relation to those transactions Warburg has been ordered to pay the German tax authorities EUR 185 million and is subject to a criminal confiscation order of EUR 176.5 million. Warburg's claims are based on contract, tort and joint and several liability and seek damages and indemnification from TPIM and Link. TPIM and Link intend to contest liability in the matter and to vigorously defend itself. It is not possible to predict the ultimate outcome of this action or to provide an estimate of any potential financial impact.

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 28. Events after the reporting period

In February 2022, the UK, EU and the United States imposed sanctions against certain Russian individuals, entities and subsidiaries. As a result, any trading activities with sanctioned clients have been ceased. The Company continues to monitor exposures with Russian counterparties and underlyings, as well as review actions available to mitigate any potential losses incurred. As at 31 March 2022, the value of realised losses on failed settlements is £4m. the Company has also recognised potential unrealised losses of £8m in relation to failed settlements. In addition, the Company has outstanding unsettled matched principal transactions in Russian financial instruments of a nominal value of around £12m where neither counterparty has been able to settle at this time and where no net loss has been recognised.

On 16 February 2022, the Company paid a cash dividend of £25,000,000 to TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited).

There have been no other post balance sheet events from 31 December 2021 up to the date of signing which require separate disclosure.

Note 29. Immediate and ultimate parent company

At the end of the year, the Company's immediate parent was TP ICAP EMEA Investments Limited (formerly known as Tullett Prebon Investment Holdings Limited), which does not prepare consolidated financial statements.

At the year end, the Company's ultimate parent and controlling party is TP ICAP Group plc, which is incorporated in Jersey, and now heads the largest and smallest group of companies of which the Company is a member. TP ICAP Group plc will prepare consolidated financial statements in accordance with IFRS. Copies of TP ICAP Group plc financial statements will be available from www.tpicap.com.